Montana Legislative History

Chapter: 414 Session L: 2007
Bill Number: Senate Bill 354

Checklist of Bill History

History and Final Status Sheet	x
Introduced Bill	X
Fiscal Note	N/A
Third Reading Bill	X
Final Version of Bill	X

House

Committee:
Human Services

Hearing Date(s):
March 16, 2007
March 30, 2007
(Executive Action)

Senate

Committee:

Public Health, Welfare and Safety

Hearing Date(s):
February 2, 2007

Conference Committee

Hearing Date(s): n/a

Conference Committee Report:

Compiler Notes

Compiled by:

Date:

Notes:

Bill Draft Number: LC0680
Bill Type - Number: SB 354
Short Title: Revise physician medicaid reimbursement conversion factor
Primary Sponsor: Greg Lind (D) SD 50
Chapter Number: 414

Bill Actions - **Current Bill Progress:** Became Law

Bill Action Count: 62

Action - Most Recent First	Date	Votes Yes	Votes No	Committee
Chapter Number Assigned	05/03/2007			
(S) Signed by Governor	05/03/2007			
(S) Transmitted to Governor	04/25/2007			
(H) Signed by Speaker	04/25/2007			
(S) Signed by President	04/24/2007			
(C) Printed - New Version Available	04/23/2007			
(S) Returned from Enrolling	04/23/2007			
(S) Sent to Enrolling	04/20/2007			
(S) 3rd Reading Passed as Amended by House	04/20/2007	48	2	
(S) Scheduled for 3rd Reading	04/20/2007			
(S) Scheduled for 3rd Reading	04/20/2007			
(S) 2nd Reading House Amendments Concurred on Voice Vote	04/19/2007	50	0	
(S) Scheduled for 2nd Reading	04/19/2007			
(H) Returned to Senate with Amendments	04/04/2007			
(H) 3rd Reading Concurred	04/04/2007	70	29	
(H) Scheduled for 3rd Reading	04/04/2007			
(H) Motion Failed	04/03/2007	48	50	
(H) 2nd Reading Concurred	04/03/2007	69	30	
(H) Scheduled for 2nd Reading	04/03/2007			
(C) Printed - New Version Available	03/31/2007			
(H) Committee Report--Bill Concurred as Amended	03/31/2007			(H) Human Services
(H) Committee Executive Action--Bill Concurred as Amended	03/31/2007	12	2	(H) Human Services
(H) Hearing	03/16/2007			(H) Human Services
(H) Referred to Committee	03/08/2007			(H) Human Services
(H) First Reading	03/08/2007			
(S) Revised Fiscal Note Printed	02/27/2007			
(S) Transmitted to House	02/26/2007			
(S) 3rd Reading Passed	02/26/2007	47	3	
(S) Revised Fiscal Note Signed	02/26/2007			

(S) Revised Fiscal Note Received	02/26/2007			
(S) Scheduled for 3rd Reading	02/26/2007			
(S) Scheduled for 3rd Reading	02/26/2007			
(S) 2nd Reading Passed on Voice Vote	02/24/2007	46	3	
(S) Scheduled for 2nd Reading	02/24/2007			
(S) Revised Fiscal Note Requested	02/20/2007			
(C) Printed - New Version Available	02/20/2007			
(S) Committee Report--Bill Passed as Amended	02/20/2007			(S) Public Health, Welfare and Safety
(S) Committee Executive Action--Bill Passed as Amended	02/20/2007	7	2	(S) Public Health, Welfare and Safety
(S) Fiscal Note Printed	02/02/2007			
(S) Hearing	02/02/2007			(S) Public Health, Welfare and Safety
(S) Fiscal Note Signed	02/02/2007			
(S) Fiscal Note Received	02/02/2007			
(C) Introduced Bill Text Available Electronically	01/25/2007			
(S) Referred to Committee	01/25/2007			(S) Public Health, Welfare and Safety
(S) First Reading	01/25/2007			
(S) Introduced	01/25/2007			
(S) Fiscal Note Requested	01/25/2007			
(C) Draft Delivered to Requester	01/25/2007			
(C) Draft Ready for Delivery	01/23/2007			
(C) Draft in Assembly/Executive Director Review	01/20/2007			
(C) Draft in Final Drafter Review	01/19/2007			
(C) Bill Draft Text Available Electronically	01/19/2007			
(C) Draft in Input/Proofing	01/19/2007			
(C) Draft to Drafter - Edit Review [SAB]	01/18/2007			
(C) Draft in Edit	01/18/2007			
(C) Draft in Legal Review	01/17/2007			
(C) Draft to Requester for Review	01/15/2007			
(C) Draft Taken Off Hold	01/15/2007			
(C) Draft On Hold	12/28/2006			
(C) Draft On Hold	11/03/2006			
(C) Fiscal Note Probable	11/02/2006			
(C) Draft Request Received	11/02/2006			

Sponsor, etc.

Sponsor, etc.	Last Name/Organization	First Name	Mi
Requester	Lind	Greg	
Drafter	Jackson	Lisa Mecklenberg	
Primary Sponsor	Lind	Greg	

Subjects

Description	Revenue/Approp.	Vote Majority Req.	Subject Code
Health Care Services (see also: Health)		Simple	HLTC
State Finance (see also: Appropriations; Taxation Subjects)		Simple	STF

Additional Bill Information

Fiscal Note Probable: Yes
Preintroduction Required: N
Session Law Ch. Number: 414
DEADLINE
Category: General Bills
Transmittal Date: 02/28/2007
Return (with 2nd house amendments) Date: 04/05/2007

Section Effective Dates

Section(s)	Effective Date	Date Qualified
All Sections	01-OCT-07	

(2) A person destroys or tampers with a communication device by making the communication device unusable or inoperable, by interrupting its use, or by making it inaccessible.

(3) A person convicted of the offense of criminal destruction of or tampering with a communication device shall be fined an amount not to exceed $1,000 or imprisoned in the county jail for a term not to exceed 6 months, or both.

Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 45, chapter 6, part 1, and the provisions of Title 45, chapter 6, part 1, apply to [section 1].

Approved May 3, 2007

CHAPTER NO. 414

[SB 354]

AN ACT DEFINING AND CLARIFYING THE OPERATION OF THE MEDICAID REIMBURSEMENT CONVERSION FACTOR FOR PHYSICIANS; AND ALLOWING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO ADOPT POLICY ADJUSTERS.

Be it enacted by the Legislature of the State of Montana:

Section 1. Definitions. As used in [sections 1 through 4], the following definitions apply:

(1) "Conversion factor" means the average of the conversion factors used by the top five insurers or third-party administrators providing disability insurance to the most beneficiaries within the state in January 2007 who use the resource-based relative value scale to determine fees for covered services. This January 2007 conversion factor is applicable for state fiscal years 2008, 2009, 2010, 2011, 2012, and 2013. In state fiscal year 2014 and for each state fiscal year thereafter, the conversion factor is the average of the conversion factors used by the top five insurers or third-party administrators providing disability insurance to the most beneficiaries within the state who use the resource-based relative value scale to determine fees for covered services.

(2) "Department" means the department of public health and human services.

(3) "Medicaid" means the Montana medical assistance program established under Title 53, chapter 6.

(4) "Physician" has the meaning provided in 37-3-102.

(5) "Policy adjuster" means a factor by which the fee determined under [section 2] is multiplied to increase the fee paid by medicaid for certain categories of services.

(6) "Relative value unit" means a numerical value assigned in the resource-based relative value scale to each procedure code used to bill for services provided by a physician.

(7) "Resource-based relative value scale" means the medicare resource-based relative value scale contained in the physician's medicare fee schedule adopted by the centers for medicare and medicaid services of the U.S. department of health and human services.

Section 2. Physician services reimbursement. (1) The fee for a covered service provided by a physician under the medicaid program is determined by multiplying a percentage of the conversion factor times the relative value unit for that service times any applicable policy adjusters.

(2) (a) For state fiscal years 2008 and 2009, the percentage of the conversion factor will be determined by the appropriation of the 2007 legislature for physician reimbursement.

(b) For state fiscal year 2010, the 2009 percentage of the conversion factor will be increased by a minimum of 6%.

(c) For state fiscal year 2011, the 2010 percentage of the conversion factor will be increased by a minimum of 6%.

(d) For state fiscal year 2012, the 2011 percentage of the conversion factor will be increased by a minimum of 6%.

(e) For state fiscal year 2013, the 2012 percentage of the conversion factor will be increased by a minimum of 6%.

(f) For state fiscal year 2014 and for each state fiscal year thereafter, the percentage of the conversion factor will be equivalent, at a minimum, to state fiscal year 2013.

Section 3. Providing conversion factors to department. The top five insurers or third-party administrators shall provide their standard conversion factors to the department, which may be used only for the purpose of determining average conversion rates and which must remain confidential.

Section 4. Rulemaking — policy adjusters. The department may by rule adopt policy adjusters for certain categories of service. A policy adjuster may not be less than 1.

Section 5. Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 53, chapter 6, part 1, and the provisions of Title 53, chapter 6, part 1, apply to [sections 1 through 4].

Approved May 3, 2007

CHAPTER NO. 415

[SB 372]

AN ACT CREATING A RESIDENT WOLF LICENSE AND A NONRESIDENT WOLF LICENSE; PROVIDING FOR THE ANNUAL AUCTION OR LOTTERY OF A WOLF LICENSE AND A GRIZZLY BEAR LICENSE; ESTABLISHING RESTITUTION FOR THE ILLEGAL TAKING, KILLING, OR POSSESSION OF A WOLF; PROVIDING THAT A PERSON WHO IS RESPONSIBLE FOR THE DEATH OF A WOLF MAY NOT WASTE THE ANIMAL BY ABANDONING THE HEAD OR HIDE IN THE FIELD, EXCEPT A WOLF THAT IS KILLED WHILE ATTACKING, KILLING, OR THREATENING TO KILL A PERSON OR LIVESTOCK; AMENDING SECTIONS 87-1-111 AND 87-3-102, MCA; AND PROVIDING EFFECTIVE DATES.

Be it enacted by the Legislature of the State of Montana:

Section 1. Class E-1—resident wolf license. Except as otherwise provided in this chapter, a person who is a resident, as defined in 87-2-102, and who is 12 years of age or older or who will turn 12 years old before or during the

AN ACT DEFINING AND CLARIFYING THE OPERATION OF THE MEDICAID REIMBURSEMENT CONVERSION FACTOR FOR PHYSICIANS; AND ALLOWING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO ADOPT POLICY ADJUSTERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Definitions. As used in [sections 1 through 4], the following definitions apply:

(1) "Conversion factor" means the average of the conversion factors used by the top five insurers or third-party administrators providing disability insurance to the most beneficiaries within the state in January 2007 who use the resource-based relative value scale to determine fees for covered services. This January 2007 conversion factor is applicable for state fiscal years 2008, 2009, 2010, 2011, 2012, and 2013. In state fiscal year 2014 and for each state fiscal year thereafter, the conversion factor is the average of the conversion factors used by the top five insurers or third-party administrators providing disability insurance to the most beneficiaries within the state who use the resource-based relative value scale to determine fees for covered services.

(2) "Department" means the department of public health and human services.

(3) "Medicaid" means the Montana medical assistance program established under Title 53, chapter 6.

(4) "Physician" has the meaning provided in 37-3-102.

(5) "Policy adjuster" means a factor by which the fee determined under [section 2] is multiplied to increase the fee paid by medicaid for certain categories of services.

(6) "Relative value unit" means a numerical value assigned in the resource-based relative value scale to each procedure code used to bill for services provided by a physician.

(7) "Resource-based relative value scale" means the medicare resource-based relative value scale contained in the physician's medicare fee schedule adopted by the centers for medicare and medicaid services of the U.S. department of health and human services.

Section 2. Physician services reimbursement. (1) The fee for a covered service provided by a physician under the medicaid program is determined by multiplying a percentage of the conversion factor times the relative value unit for that service times any applicable policy adjusters.

(2) (a) For state fiscal years 2008 and 2009, the percentage of the conversion factor will be determined by the appropriation of the 2007 legislature for physician reimbursement.

(b) For state fiscal year 2010, the 2009 percentage of the conversion factor will be increased by a minimum of 6%.

(c) For state fiscal year 2011, the 2010 percentage of the conversion factor will be increased by a minimum of 6%.

(d) For state fiscal year 2012, the 2011 percentage of the conversion factor will be increased by a minimum of 6%.

(e) For state fiscal year 2013, the 2012 percentage of the conversion factor will be increased by a minimum of 6%.

(f) For state fiscal year 2014 and for each state fiscal year thereafter, the percentage of the conversion factor will be equivalent, at a minimum, to state fiscal year 2013.

Section 3. Providing conversion factors to department. The top five insurers or third-party administrators shall provide their standard conversion factors to the department, which may be used only for the purpose of determining average conversion rates and which must remain confidential.

Section 4. Rulemaking -- policy adjusters. The department may by rule adopt policy adjusters for certain categories of service. A policy adjuster may not be less than 1.

Section 5. Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 53, chapter 6, part 1, and the provisions of Title 53, chapter 6, part 1, apply to [sections 1 through 4].

- END -

I hereby certify that the within bill,
SB 0354, originated in the Senate.

Secretary of the Senate

President of the Senate

Signed this _____ day
of _____, 2019.

Speaker of the House

Signed this _____ day
of _____, 2019.

SENATE BILL NO. 354

INTRODUCED BY G. LIND

AN ACT DEFINING AND CLARIFYING THE OPERATION OF THE MEDICAID REIMBURSEMENT CONVERSION FACTOR FOR PHYSICIANS; AND ALLOWING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO ADOPT POLICY ADJUSTERS.

SENATE BILL NO. 354

INTRODUCED BY G. LIND

A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING AND CLARIFYING THE OPERATION OF THE MEDICAID REIMBURSEMENT CONVERSION FACTOR FOR PHYSICIANS; AND ALLOWING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO ADOPT POLICY ADJUSTERS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 3], the following definitions apply:

(1) "Conversion factor" means the weighted average of the conversion factors used by the three insurers providing disability insurance to the most beneficiaries within the state who use the resource-based relative value scale to determine fees for covered services.

(2) "Department" means the department of public health and human services.

(3) "Medicaid" means the Montana medical assistance program established under Title 53, chapter 6.

(4) "Physician" has the meaning provided in 37-3-102.

(5) "Policy adjuster" means a factor by which the fee determined under [section 2] is multiplied to increase the fee paid by medicaid for certain categories of services.

(6) "Relative value unit" means a numerical value assigned in the resource-based relative value scale to each procedure code used to bill for services provided by a physician.

(7) "Resource-based relative value scale" means the medicare resource-based relative value scale contained in the physician's medicare fee schedule adopted by the centers for medicare and medicaid services of the U.S. department of health and human services.

NEW SECTION. **Section 2. Physician services reimbursement.** The fee for a covered service provided by a physician under the medicaid program is determined by multiplying the conversion factor times the relative value unit for that service.

NEW SECTION. **Section 3. Rulemaking -- policy adjusters.** The department may by rule adopt policy adjusters for certain categories of service. A policy adjuster may not be less than 1.

NEW SECTION. **Section 4. Codification instruction.** [Sections 1 through 3] are intended to be codified as an integral part of Title 53, chapter 6, part 1, and the provisions of Title 53, chapter 6, part 1, apply to [sections 1 through 3].

- END -

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through ~~3~~ 4], the following definitions apply:

(1) "Conversion factor" means the weighted average of the conversion factors used by the ~~three insurers~~ TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS providing disability insurance to the most beneficiaries within the state IN JANUARY 2007 who use the resource-based relative value scale to determine fees for covered services. THIS JANUARY 2007 CONVERSION FACTOR IS APPLICABLE FOR STATE FISCAL YEARS 2008, 2009, 2010, 2011, 2012, AND 2013. IN STATE FISCAL YEAR 2014 AND FOR EACH STATE FISCAL YEAR THEREAFTER, THE CONVERSION FACTOR IS THE WEIGHTED AVERAGE OF THE CONVERSION FACTORS USED BY THE TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS PROVIDING DISABILITY INSURANCE TO THE MOST BENEFICIARIES WITHIN THE STATE WHO USE THE RESOURCE-BASED RELATIVE VALUE SCALE TO DETERMINE FEES FOR COVERED SERVICES.

(2) "Department" means the department of public health and human services.

(3) "Medicaid" means the Montana medical assistance program established under Title 53, chapter 6.

(4) "Physician" has the meaning provided in 37-3-102.

(5) "Policy adjuster" means a factor by which the fee determined under [section 2] is multiplied to increase the fee paid by medicaid for certain categories of services.

(6) "Relative value unit" means a numerical value assigned in the resource-based relative value scale to each procedure code used to bill for services provided by a physician.

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NEW SECTION. **Section 2. Physician services reimbursement.** (1) The fee for a covered service

provided by a physician under the medicaid program is determined by multiplying A PERCENTAGE OF the conversion factor times the relative value unit for that service TIMES ANY APPLICABLE POLICY ADJUSTERS.

(2) (A) FOR STATE FISCAL YEARS 2008 AND 2009, THE PERCENTAGE OF THE CONVERSION FACTOR WILL BE DETERMINED BY THE APPROPRIATION OF THE 2007 LEGISLATURE FOR PHYSICIAN REIMBURSEMENT.

(B) FOR STATE FISCAL YEAR 2010, THE 2009 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(C) FOR STATE FISCAL YEAR 2011, THE 2010 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(D) FOR STATE FISCAL YEAR 2012, THE 2011 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(E) FOR STATE FISCAL YEAR 2013, THE 2012 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(F) FOR STATE FISCAL YEAR 2014 AND FOR EACH STATE FISCAL YEAR THEREAFTER, THE PERCENTAGE OF THE CONVERSION FACTOR WILL BE EQUIVALENT, AT A MINIMUM, TO STATE FISCAL YEAR 2013.

NEW SECTION. **SECTION 3. PROVIDING CONVERSION FACTORS TO DEPARTMENT.** THE TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS SHALL PROVIDE THEIR STANDARD CONVERSION FACTORS TO THE DEPARTMENT, WHICH MAY BE USED ONLY FOR THE PURPOSE OF DETERMINING AVERAGE CONVERSION RATES AND WHICH MUST REMAIN CONFIDENTIAL.

NEW SECTION. **Section 4. Rulemaking -- policy adjusters.** The department may by rule adopt policy adjusters for certain categories of service. A policy adjuster may not be less than 1.

NEW SECTION. **Section 5. Codification instruction.** [Sections 1 through ~~3~~ 4] are intended to be codified as an integral part of Title 53, chapter 6, part 1, and the provisions of Title 53, chapter 6, part 1, apply to [sections 1 through ~~3~~ 4].

- END -

SENATE BILL NO. 354

INTRODUCED BY G. LIND

A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING AND CLARIFYING THE OPERATION OF THE MEDICAID REIMBURSEMENT CONVERSION FACTOR FOR PHYSICIANS; AND ALLOWING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO ADOPT POLICY ADJUSTERS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through ~~3~~ 4], the following definitions apply:

(1) "Conversion factor" means the ~~weighted~~ average of the conversion factors used by the ~~three insurers~~ TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS providing disability insurance to the most beneficiaries within the state IN JANUARY 2007 who use the resource-based relative value scale to determine fees for covered services. THIS JANUARY 2007 CONVERSION FACTOR IS APPLICABLE FOR STATE FISCAL YEARS 2008, 2009, 2010, 2011, 2012, AND 2013. IN STATE FISCAL YEAR 2014 AND FOR EACH STATE FISCAL YEAR THEREAFTER, THE CONVERSION FACTOR IS THE ~~WEIGHTED~~ AVERAGE OF THE CONVERSION FACTORS USED BY THE TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS PROVIDING DISABILITY INSURANCE TO THE MOST BENEFICIARIES WITHIN THE STATE WHO USE THE RESOURCE-BASED RELATIVE VALUE SCALE TO DETERMINE FEES FOR COVERED SERVICES.

(2) "Department" means the department of public health and human services.

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(6) "Relative value unit" means a numerical value assigned in the resource-based relative value scale to each procedure code used to bill for services provided by a physician.

(7) "Resource-based relative value scale" means the medicare resource-based relative value scale contained in the physician's medicare fee schedule adopted by the centers for medicare and medicaid services of the U.S. department of health and human services.

NEW SECTION. **Section 2. Physician services reimbursement.** (1) The fee for a covered service

provided by a physician under the medicaid program is determined by multiplying A PERCENTAGE OF the conversion factor times the relative value unit for that service TIMES ANY APPLICABLE POLICY ADJUSTERS.

(2) (A) FOR STATE FISCAL YEARS 2008 AND 2009, THE PERCENTAGE OF THE CONVERSION FACTOR WILL BE DETERMINED BY THE APPROPRIATION OF THE 2007 LEGISLATURE FOR PHYSICIAN REIMBURSEMENT.

(B) FOR STATE FISCAL YEAR 2010, THE 2009 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(C) FOR STATE FISCAL YEAR 2011, THE 2010 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(D) FOR STATE FISCAL YEAR 2012, THE 2011 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(E) FOR STATE FISCAL YEAR 2013, THE 2012 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(F) FOR STATE FISCAL YEAR 2014 AND FOR EACH STATE FISCAL YEAR THEREAFTER, THE PERCENTAGE OF THE CONVERSION FACTOR WILL BE EQUIVALENT, AT A MINIMUM, TO STATE FISCAL YEAR 2013.

NEW SECTION. **SECTION 3. PROVIDING CONVERSION FACTORS TO DEPARTMENT.** THE TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS SHALL PROVIDE THEIR STANDARD CONVERSION FACTORS TO THE DEPARTMENT, WHICH MAY BE USED ONLY FOR THE PURPOSE OF DETERMINING AVERAGE CONVERSION RATES AND WHICH MUST REMAIN CONFIDENTIAL.

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NEW SECTION. **Section 5. Codification instruction.** [Sections 1 through ~~3~~ 4] are intended to be codified as an integral part of Title 53, chapter 6, part 1, and the provisions of Title 53, chapter 6, part 1, apply to [sections 1 through ~~3~~ 4].

- END -

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0354	Title:	Revise physician medicaid reimbursement conversion factor
Primary Sponsor:	Lind, Greg	Status:	As Amended

☐ Significant Local Gov Impact ☐ Needs to be included in HB 2 ☑ Technical Concerns

☐ Included in the Executive Budget ☑ Significant Long-Term Impacts ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2008 Difference	FY 2009 Difference	FY 2010 Difference	FY 2011 Difference
Expenditures:				
General Fund	$0	$0	$853,542	$1,812,582
Federal Special Revenue	$0	$0	$1,856,975	$3,943,472
Revenue:				
General Fund	$0	$0	$0	$0
Federal Special Revenue	$0	$0	$1,856,975	$3,943,472
Net Impact-General Fund Balance	$0	$0	($853,542)	($1,812,582)

Description of fiscal impact:

This proposal defines and clarifies the Medicaid Reimbursement conversion factor for physicians and allows the Department of Public Health and Human Services to adopt policy adjusters beginning in FY 2010. The definition of the conversion factor will increase the rate paid for services provided by physicians.

FISCAL ANALYSIS

Assumptions:

1. To calculate the conversion factor increase for all four years, this fiscal note includes a 2.5 % provider rate increase for each year of the 2009 biennium. If the 2009 biennium provider rate is not approved by the legislature, then the fiscal impact in FY 2010 and FY 2011 is decreased.
2. The total amount of physician services in FY 2006 paid to day (12/31/2006) is $33,502,078.
3. Growth in Medicaid caseload is 6%.
4. The minimum increase in the conversion factor for FY 2010 through FY 2013 is 6% per year.
5. The table below shows the Medicaid caseload for physician's only, the conversion factor percentages, the total effect to the caseload by assuming the 2.5 percent each year in FY 2008 and FY 2009, if approved, and allowing the minimum 6 percent increase in FY 2010 and FY 2011:

	Total Medicaid Caseload Physician only with Percentage increases	Conversion Factor % increase	Total Effect
FY 2007	$35,512,203		
FY 2008	$38,530,740	2.5%	$887,805
FY 2009	$42,618,195	5.0%	$1,775,610
*The FY 2008 and FY 2009 conversion factor is not shown as a fiscal impact since the proposed bill does not require an increase in the current biennium. Two and half percent (2.5%) provider rate is assumed to provide the base level for the 2011 biennium.			
FY 2010	$45,175,286	6.0%	$2,710,517
FY 2011	$50,758,952	6.0%	$3,045,537

6. FY 2011 actual increase which needs to be sustained: $5,756,054 ($2,710,517 [FY 2010] + $3,045,537 {FY 2011]).
7. The Federal Medical Assistance Percentages (FMAP) is estimated at 68.51 in FY2010, and 68.51 in FY2011. The funding split is shown below:

	Avg. Costs	General fund	Federal Fund
FY 2010	$2,710,517	$853,542	$1,856,975
FY 2011	$5,756,054	$1,812,582	$3,943,472

	FY 2008 Difference	FY 2009 Difference	FY 2010 Difference	FY 2011 Difference
Fiscal Impact:				
Expenditures:				
Benefits	$0	$0	$2,710,517	$5,756,054
Funding of Expenditures:				
General Fund (01)	$0	$0	$853,542	$1,812,582
Federal Special Revenue (03)	$0	$0	$1,856,975	$3,943,472
TOTAL Funding of Exp.	$0	$0	$2,710,517	$5,756,054
Revenues:				
General Fund (01)	$0	$0	$0	$0
Federal Special Revenue (03)	$0	$0	$1,856,975	$3,943,472
TOTAL Revenues	$0	$0	$1,856,975	$3,943,472
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	$0	$0	($853,542)	($1,812,582)
Federal Special Revenue (03)	$0	$0	$0	$0

Long-Range Impacts:

Beginning in FY 2010 through FY 2013, this bill limits the Department of Public Health and Human Services' ability to adjust Medicaid rates by putting in place, through statute, an annual 6% increase for the

Medicaid conversion factor for physicians. This will result in an additional $13 million/year in FY 2013 and beyond.

Technical Notes:

Commencing in fiscal year 2014, SB 354 requires reimbursement for physicians in the Medicaid program to be based upon conversion factors submitted by the top five insurers or third-party administrators. The information supplied is to be kept confidential as required by section 3. It is likely that lawsuits will be filed challenging the ability of the state to keep this information confidential if it is to be used for the establishment of a payment rate system. This could potentially discourage insurers from sharing their proprietary information with the Department. If none of the insurers are willing to share the information with the Department it would not be possible to establish a rate as required by this bill. If some of the top five insurers or third party administrators are unwilling to share their proprietary information it may skew the results of the conversion factoring.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*

MINUTES

MONTANA SENATE
60th LEGISLATURE - REGULAR SESSION

COMMITTEE ON PUBLIC HEALTH, WELFARE AND SAFETY

Call to Order: By **CHAIRMAN DAN WEINBERG**, on February 2, 2007 at 3:00 P.M., in Room 317-A Capitol.

ROLL CALL

Members Present:
Sen. Dan Weinberg, Chairman (D)
Sen. Lynda Moss, Vice Chairman (D)
Sen. John Cobb (R)
Sen. John Esp (R)
Sen. Kim Gillan (D)
Sen. Terry Murphy (R)
Sen. Jerry O'Neil (R)
Sen. Trudi Schmidt (D)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Lisa Mecklenberg Jackson, Legislative Branch

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:

Hearing & Date Posted:	SB 354, 2/26/2007; SB 182, 2/26/2007; SB 118, 2/26/2007;;
Executive Action:	SB 132; SB 162; SB 206; SB 118

00:00:02

HEARING ON SB 354

Opening Statement by Sponsor:

00:01:37 **SEN. GREG LIND (D), SD 50,** opened the hearing on **SB 354,** Revise physician medicaid reimbursement conversion factor.

Proponents' Testimony:

00:04:29 Dr. Kurt Kubicka, Helena

EXHIBIT(phs23a01)

00:13:29 Pat Melby, Montana Medical Association

EXHIBIT(phs23a02)

00:23:29 Brian Chandler, Great Falls Clinic

EXHIBIT(phs23a03)

00:31:25 Dr. Mike Schweitzer, Chairman of the Board of the Rocky Mountain Health Network

EXHIBIT(phs23a04)

00:33:31 Dr. Dave Chavez, Yellowstone Endocrinology Clinic, St. Vincent's Hospital

00:38:17 Mike Foster, Sisters of Charity Hospitals

00:38:55 Bob Olson, Montana Hospital Association

00:39:14 Jani McCall, Billings Clinic

00:39:29 Steve Yeakel, Montana Council for Maternal and Child Health

00:39:56 Tanya Ask, Blue Cross Blue Shield of Montana

00:43:30 Cory Swanson, Montana Orthopaedic Society

00:44:13 Chuck Hunter, Montana Primary Care Association

00:45:27 Dr. Winnea, Great Falls

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

00:48:54 Sen. O'Neil to Tanya Ask, Blue Cross Blue Shield of Montana

00:52:00 Sen. Williams to Pat Melby, Montana Medical Association

00:54:12 Sen. Moss to Pat Melby, Montana Medical Association

00:55:49 Sen. Schmidt to Pat Melby, Montana Medical Association

00:58:40 Sen. Schmidt to John Chappuis, Department of Public Health and Human Services (DPHHS)

01:01:10 Sen. Schmidt to Dr. Mike Schweitzer, Chairman of the Board of the Rocky Mountain Health Network

01:01:55 Sen. Cobb to Pat Melby, Montana Medical Association

01:02:43 Sen. Cobb to Sen. Lind

01:04:38 Sen. Weinberg to Sen. Lind

Closing by Sponsor:

01:05:50 Sen. Lind closed on the bill.

HEARING ON SB 182

Opening Statement by Sponsor:

01:10:34 **SEN. JOHN COBB (R), SD 9**, opened the hearing on **SB 182**, Set physician Medicaid rates as a percentage of rates paid by Medicare.

Proponents' Testimony:

01:13:16 Tanya Ask, Blue Cross Blue Shield of Montana

01:13:48 Bob Olson, Montana Hospital Association

01:14:14 Jani McCall, Billings Clinic

Opponents' Testimony:

01:14:36 Pat Melby, Montana Medical Association

01:19:22 Dr. Kurt Kubicka, Montana Medical Association

Informational Testimony:

01:22:38 John Chappuis, DPHHS

Questions from Committee Members and Responses:

01:22:55 Sen. Weinberg to Sen. Cobb

Closing by Sponsor:

01:23:27 Sen. Cobb closed on the bill.

HEARING ON SB 118

Opening Statement by Sponsor:

01:23:58 **SEN. JOHN COBB (R), SD 9,** opened the hearing on **SB 118,** Eliminate sunset for hospital bed tax.

Proponents' Testimony:

01:25:04 Bob Olson, Montana Hospital Association

EXHIBIT(phs23a05)
EXHIBIT(phs23a06)

01:31:50 Mike Foster, Sisters of Charity Hospitals

01:34:25 Jack Casey, Administrator, Shodair Hospital

EXHIBIT(phs23a07)

01:36:13 Jani McCall, Billings Clinic

EXHIBIT(phs23a08)

01:38:00 Allan Underdal, Toole County Commissioner

EXHIBIT(phs23a09)

01:39:06 Pat Melby, Montana Medical Association

01:39:36 Steve Yeakel, Montana Council for Maternal and Child Health

01:40:35 Jani McCall, Billings Clinic

01:41:20 Sheryl Wood, Montana Association of Counties (MACo)

Opponents' Testimony: None.

Informational Testimony:

01:41:47 John Chappuis, DPHHS

Questions from Committee Members and Responses:

01:42:07 Sen. Gillan to Sen. Cobb

01:43:23 Sen. Gillan to Mr. Olson, Montana Hospital Association

01:46:16 Sen. O'Neil to Mr. Olson, Montana Hospital Association

01:49:02 Sen. Weinberg to John Chappuis, DPHHS

Closing by Sponsor:

01:49:55 Sen. Cobb closed on the bill.

01:52:04 Recess

01:56:11 Reconvene

EXECUTIVE ACTION ON SB 132

01:56:13 **Motion**: **SEN. MOSS moved that SB 132 DO PASS.**

01:56:15 **Motion**: **SEN. MOSS moved that SB013201.ALJ BE ADOPTED.**

EXHIBIT(phs23a10)

Discussion:

01:57:49 Lisa Jackson

01:59:46 Sen. Gillan

02:00:35 Sen. Cobb

02:00:58 **Vote**: **Motion carried unanimously by voice vote.**

02:01:03 **Motion**: **SEN. MOSS moved that SB 132 DO PASS AS AMENDED.**

Discussion:

02:01:18 Sen. Esp

02:01:59 **Vote**: **Motion carried 7-2 by voice vote with SEN. ESP and SEN. GILLAN voting no. SEN. SCHMIDT voted aye by proxy.**

EXECUTIVE ACTION ON SB 162

02:03:24 **Motion**: **SEN. SCHMIDT moved that SB 162 DO PASS.**

Discussion:

02:04:18 Sen. O'Neil to Sen. Schmidt

02:04:41 **Vote**: **Motion carried unanimously by voice vote.**

EXECUTIVE ACTION ON SB 206

02:05:09 Sen. Cobb moved SB 206 DO PASS

Discussion:

02:05:29 Sen. O'Neil to Sen. Cobb

02:06:08 Sen. Weinberg to Sen. Cobb

02:07:12 Sen. O'Neil to Sen. Cobb

02:07:54 Sen. O'Neil

02:08:09 Sen. Gillan

02:08:53 Sen. Cobb

02:09:20 Sen. Weinberg

02:09:35 Sen. O'Neil

02:10:24 Sen. Gillan

02:10:47 Sen. Esp

02:11:10 Sen. Cobb

02:11:37 **Vote**: **Motion carried 8-1 by voice vote with SEN. ESP voting no.**

EXECUTIVE ACTION ON SB 118

02:12:04 **Motion: SEN. MOSS moved that SB 118 DO PASS.**

02:12:26 Sen. Weinberg

02:12:37 Sen. O'Neil

02:12:57 **Vote: Motion carried 8-1 by voice vote with SEN. ESP voting no.**

EXECUTIVE ACTION ON SB 354

01:13:01 Sen. Esp

02:13:39 Sen. Cobb

02:14:01 Sen. Esp

02:14:15 Sen. Weinberg to Sen. Cobb

02:14:52 Sen. Weinberg

EXECUTIVE ACTION ON SB 182

02:15:36 Sen. Cobb moved to table SB 182

02:15:52 Sen. Weinberg

02:16:02 Sen. Williams

02:16:21 Sen. Cobb withdrew his motion

02:16:39 Sen. Weinberg

02:17:25 Sen. Schmidt

02:19:36 Sen. Gillan

02:20:23 Sen. Weinberg

02:20:52 Sen. Schmidt

02:20:58 Lisa Jackson

02:21:07 Sen. Williams

ADJOURNMENT

Adjournment: 5:23 P.M.

_____
SEN. DAN WEINBERG, Chairman

_____
PRUDENCE GILDROY, Secretary

DW/pg

PUBLIC HEALTH, WELFARE & SAFETY
Exhibit No. 1
Date 2-2-07
Bill No. SB 354

Medicaid conversion factor increase legislation, SB-354, hearing before Senate Health and Human Services Committee, Friday, February 2, 3 PM, State Capitol, Room 317A.

Good afternoon. I would like to thank the committee for the opportunity to speak in support of SB 354. My name is Kurt Kubicka and I am a practicing family physician in Helena, MT. I have now practiced in Montana for twelve years, initially with the National Health Service Corp in Forsyth and since 1997 as a member of a large multi-specialty partnership. I am a past president of the Montana Medical Association and have served as chair of MMA's committee for legislation and litigation since 1999.

Montana Medicaid reimburses physician services based on Relative Value Units (RVUs) as defined in Montana Administrative Rule 37.85.212. For all services for which a Medicare RVU exists, Montana Medicaid uses the Medicare RVU. Nearly all physician services have applicable Medicare RVUs. Montana Medicaid then applies a universal conversion factor to the RVU for services provided. In other words, a service's RVU value is multiplied by the conversion factor to determine Montana Medicaid payment to a physician. Montana Medicaid's current conversion factor is $32.59. By comparison Medicare's conversion factor is

$37.8975 and both Montana BCBS and New West use a conversion factor of $56.57. There are several caveats to the RVU system employed by Montana Medicaid. Anesthesia services are reimbursed on 'anesthesia units' which incorporate both time units and base units. Anesthesia units are then multiplied by an anesthesia specific conversion factor. Obstetrical services and psychiatric services have a secondary policy adjuster. The calculated payment for obstetrical services based on RVU and conversion factor is multiplied by a policy adjuster of 1.29. The policy adjuster for psychiatric services is 1.02. Thus, obstetrical and psychiatric physician services are marked up by 29 and 2 percent respectively. Rather than a policy adjuster, well child service codes simply receive a $14.99 markup per visit.

Montana Medicaid asserts that 'aggregate' payments to physicians are at 95% of Medicare reimbursement. The present Montana Medicaid conversion factor is at 86% of the Medicare conversion factor and therefore Montana Medicaid reimburses at 86% of Medicare for most services. However, Montana Medicaid does provide higher reimbursement for anesthesia, obstetrical, psychiatric and well child services and thus, the aggregate assertion. The utility of comparing Montana Medicaid and Medicare reimbursement for obstetrical and well child services is dubious. Arguably, even in aggregate, apples are not oranges.

A 1999 survey of Montana primary care physicians defined as family practitioners, general internists, obstetrician-gynecologists, and pediatricians indicated that 18% restricted the extent to which their practices provided services to Medicaid recipients. A comparable survey in 2002 indicated that such restricted practices had increased to 27%. In 2006, 39% of Montana primary care physicians simply did not accept new Medicaid patients.

Still, owing to a determination to provide care, a substantial portion of Montana physicians concede to provide deep discounts to DPHHS for the services which they provide to Medicaid recipients. By abrogating its responsibility to Montana's neediest and relying on the benevolence of Montana physicians, DPHHS encourages further market aberrations by inducing physicians to cost shift a portion of practice overhead to those Montanans with private health insurance and more egregiously to those Montanans without health insurance altogether.

A final gross inequity has evolved in differential Montana Medicaid reimbursement to provider based facilities, essentially hospital owned physician practices. Total Montana Medicaid reimbursement to a physician in private practice for a routine office visit at present is $41.96. Total Medicaid reimbursement to a pro-

vider based facility is $77.88. DPHHS has failed to provide the Montana Medical Association with a defensible rationale for this enormous reimbursement inequity.

DPHHS has proposed legislation in the 2007 session to fix minimum aggregate Medicaid reimbursement at 98% of Medicare. It is exceedingly unlikely that such a provision will secure access to care for Montana Medicaid patients. From 2001 to 2007 the federal Medicare conversion factor actually fell from 38.2581 to 37.8975. Anchoring our Montana Medicaid reimbursements to declining federal Medicare reimbursement will do nothing to promote physician participation in Montana Medicaid. Consequently, Montana Medical Association's Board of Trustees has unanimously resolved that legislation be developed for the 2007 legislative session to mandate that the medical and anesthesiology Medicaid conversion factors for physician reimbursement reflect real market value for services rendered and that the current policy adjusters for obstetrics, psychiatry and well child visits be left unchanged.

Total Montana Medicaid expenditures for physician services in State Fiscal Year 2006 were $41,324,000. State expenditures made up $12,102,102 while fed-

eral sources made up the remaining $29,221,898. By extrapolation, if the Montana Medicaid conversion factor increased to the Montana BCBS factor of $56.57, then state expenditures would increase by $8.9 million. Obligatory federal matching payments would increase by $20.5 million. As physician overhead expenditures would not be substantially affected by this increase in reimbursement this would represent roughly $29.4 million in new taxable income. This in turn would result in an initial return of approximately $2.1 million in increased income tax receipts to state coffers. Of course the economic multiplier effect would result in substantially greater overall state income tax receipts, substantially offsetting the initial modest increase in state expenditures.

Senate Bill 354 requires that the Montana Medicaid conversion factor be the weighted average of the conversion factors used by the three largest private health insurance carriers in Montana. Senate Bill 354 further stipulates that in no instance will a policy adjuster be less than one. The Montana Medical Association urges your support of this critical legislation. Senate Bill 354 will assure access to care for Montana Medicaid beneficiaries. Senate Bill 354 will assure that Medicaid reimbursement will reflect the real market value of services ren-

dered. Senate Bill 354 will assure an end to Medicaid cost shifting thus reducing costs for all other insurers and patients.

I thank the committee for your kind attention in this matter.

Kurt T. Kubicka MD

Chair, MMA Committee on Legislation and Litigation

January 30, 2007

PUBLIC HEALTH, WELFARE & SAFETY
Exhibit No. 2
Date 2-2-07
Bill No. SB 354

E-9.065 Caring for the Poor

e-mail story | print story

Each physician has an obligation to share in providing care to the indigent. The measure of what constitutes an appropriate contribution may vary with circumstances such as community characteristics, geographic location, the nature of the physician's practice and specialty, and other conditions. All physicians should work to ensure that the needs of the poor in their communities are met. Caring for the poor should be a regular part of the physician's practice schedule.

In the poorest communities, it may not be possible to meet the needs of the indigent for physicians' services by relying solely on local physicians. The local physicians should be able to turn for assistance to their colleagues in prosperous communities, particularly those in close proximity.

Physicians are meeting their obligation, and are encouraged to continue to do so, in a number of ways such as seeing indigent patients in their offices at no cost or at reduced cost, serving at freestanding or hospital clinics that treat the poor, and participating in government programs that provide health care to the poor. Physicians can also volunteer their services at weekend clinics for the poor and at shelters for battered women or the homeless.

In addition to meeting their obligation to care for the indigent, physicians can devote their energy, knowledge, and prestige to designing and lobbying at all levels for better programs to provide care for the poor. (I, VII)

Issued June 1994 based on the report "Caring for the Poor," adopted December 1992 (JAMA. 1993; 269: 2533-2537).

Last updated: Aug 29, 2005
Content provided by: Ethics

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1

Medicare's Physician Payment Update Formula: The Facts

The Congressional Budget Office recently forecast that Medicare physician payment rates would be reduced by 10% in 2008 under current law. The 2006 Medicare Trustees report predicts cumulative reductions in Medicare physician payment rates of nearly 40% by the year 2015. These successive annual reductions are due to a statutory formula governing annual Medicare payment updates that is broken beyond repair and must be replaced.

The law provides for Medicare physician payment rates to be updated each year:

- The initial element in each year's update calculation is the Medicare Economic Index or MEI, a conservative government index of practice cost inflation.
- The update is then adjusted up or down from MEI based on the "Sustainable Growth Rate" or SGR.
- The SGR was developed because policymakers were concerned that increases in the utilization of services would lead to excessive spending growth.
- The SGR is a target rate of growth in Medicare spending for physician services.
- The key factors in setting the SGR are GDP growth, changes in law and regulation, Medicare enrollment and price changes.
- If expenditures exceed the SGR targets, then annual conversion factor updates are less than annual increases in practice cost inflation.

There are several **fatal flaws in the SGR**:

- Utilization of physician services grows more rapidly than GDP, so using GDP as the standard for utilization growth in the SGR means that the target is always set too low.
- The law and regulation factor has not been appropriately adjusted to reflect new Medicare coverage policies, such as macular degeneration treatment and implantable cardiac defibrillators.
- There is no provision in the SGR for technological change, site-of-service shifts, and practice trends.
- Spending for Part B drugs is growing much more rapidly than physician services, but this spending is counted in the SGR calculations. As a result, drug spending consumes an ever-increasing share of a target that is already too low, increasing the likelihood of SGR-driven pay cuts.

The **major hurdle to securing a permanent, long-term replacement for the SGR** is the enormous budget score of $214 billion over 10 years.

Despite the cost, it is critical that a solution be identified as **the SGR is having disastrous effects.** In addition to the forecast 40% pay cuts by 2015, the SGR:

- has kept average 2007 Medicare physician payment rates about the same as they were in 2001;
- has significantly diminished the benefit of recently approved increases in relative values for primary care services and exacerbated cuts for other services;
- has prevented physicians from making needed investments in staff and data systems to support outcomes measurement and resource management;
- punishes physicians for participating in initiatives that encourage greater use of preventive care in order to reduce hospitalizations; and
- has led to a budget baseline that ties policymakers' hands and dictates payment policies based on their short-term price rather than their long-term value.

Surveys have shown that **SGR-driven pay cuts could hurt seniors' access to physician care**:

- The Medicare Payment Advisory Commission has found that increasing numbers of Medicare beneficiaries report "big problems" finding new primary care and specialist physicians. The Commission is concerned that Medicare pay cuts will worsen patient access problems.
- American Medical Association surveys of physicians have found that nearly half would have to decrease or stop accepting new Medicare patients if payments were cut.
- The Military Officers Association of America states SGR pay cuts would significantly damage military beneficiaries' access to care under TRICARE, as TRICARE payments are linked to Medicare rates.

- The congressionally-created Council on Graduate Medical Education is already predicting a shortage of 85,000 by 2020, and Medicare cuts are nearly certain to exacerbate this shortage by making medicine a less attractive career.

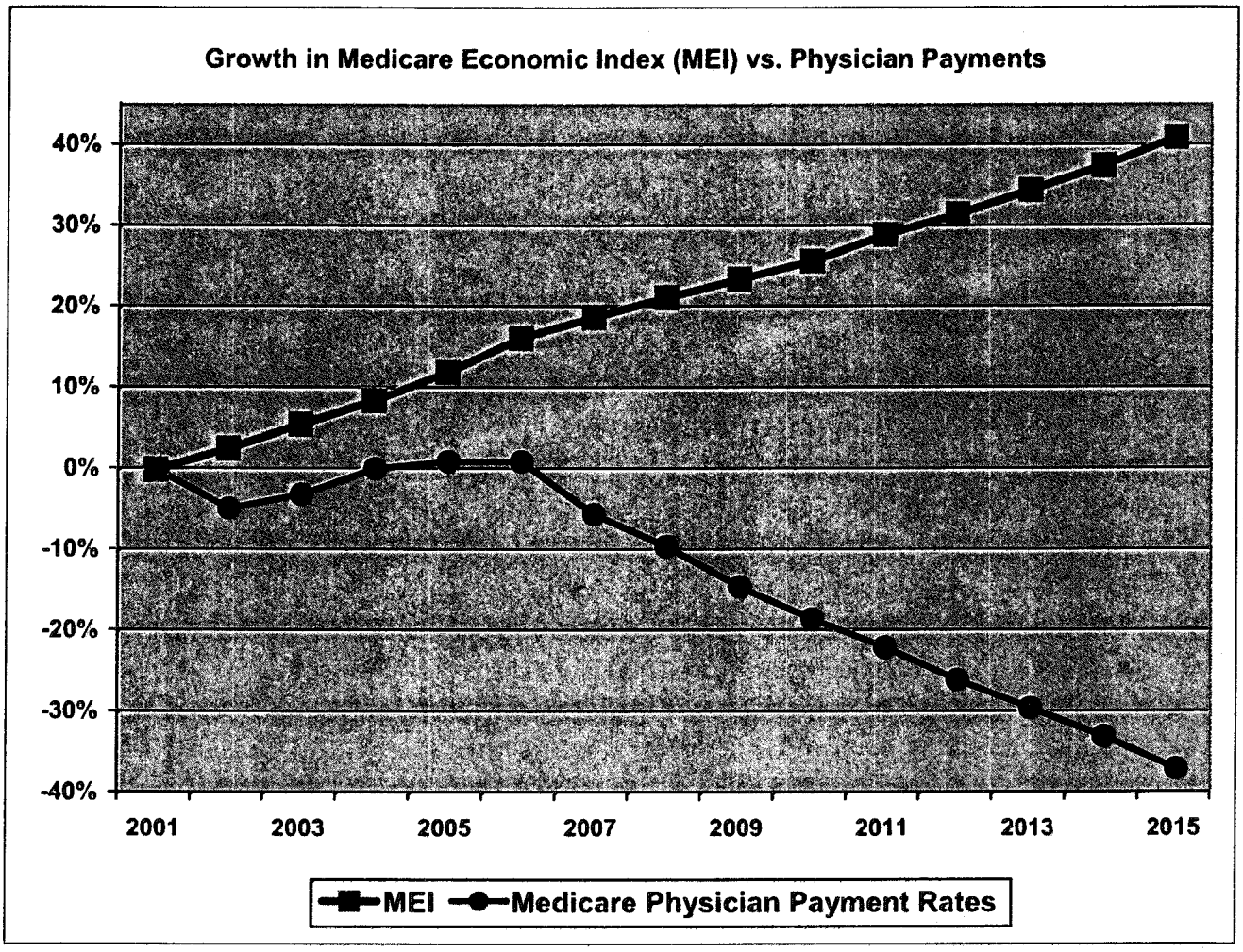
Physician services provide important benefits to seniors':

- The Centers for Disease Control reported 50,000 fewer deaths in 2004, the biggest single-year reduction in mortality since the 1930s.
- An August 2006 *Health Affairs* article by Kenneth Thorpe and David Howard found than "[v]irtually all of the growth in spending from 1987 to 2002 can be traced to the twenty-percentage-point increase in the share of Medicare patients receiving medical treatment for five or more conditions during a year."
- Medical advances added about a half year to seniors' life spans between 1999 and 2002 alone. Deaths from heart and cerebrovascular disease have been falling by about 3% a year in recent years and the cancer death rate over the last decade has fallen by about 1% a year.
- An August 2006 *New England Journal of Medicine* article by David Cutler *et al.* concluded that, "although medical spending has increased over time, the return on spending has been high ... concern about high medical costs needs to be balanced against the benefits of the care received."

The time has come to replace the Medicare update formula with a new approach that will provide adequate financing for physician services. The best way to accomplish this is as part of comprehensive Medicare reform. The leading edge of the baby-boomer generation will become Medicare-eligible in 2010, just as physicians are being driven out the program by consecutive steep pay cuts. The Medicare Trust Fund is projected to be exhausted by 2018, and in future years there will not be enough taxpayers working to support the costs of health care for the baby-boomers on Medicare.

Utilization of physician services is not the cause of the Medicare program's financial predicament, and cuts in physician payment rates are not the way to improve Medicare's financial sustainability. The Medicare program and funding for Medicare physician services have reached a critical juncture and both must be reformed.

The **UN**-Sustainable Growth Rate
2001 through 2015
Physicians' costs **up** 41%; Medicare Payments **down** 37%



Source: Conversion factor update and MEI data from Centers for Medicare and Medicaid Services, Office of the Actuary. Analysis of updates relative to inflation by American Medical Association, Division of Economic and Statistical Research, February 2006.

MEI – Medicare Economic Index: Measures input prices for resources needed to provide physician services. It is designed to estimate the increase in the total cost for the average physician to operate a medical practice.

MONTANA MEDICAL ASSOCIATION
February 1, 2007

MONTANA MEDICAL ASSOCIATION

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Medical/Surgical Conversion Factors for Medicare, MT Medicaid and BCBSMT - January 10, 2007.

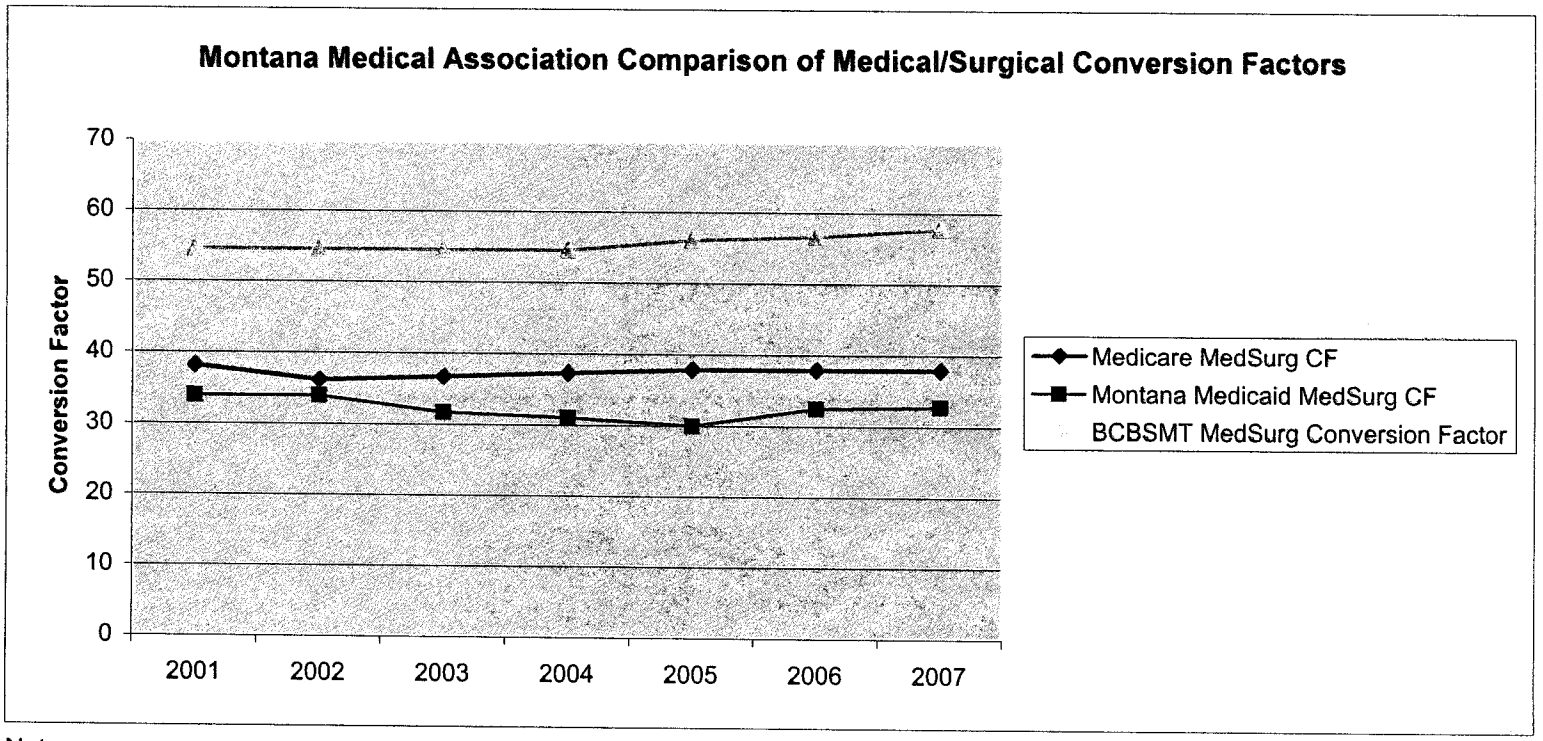
Year	***Medicare*** MedSurg CF	Montana ***Medicaid*** MedSurg CF	***Blue Cross*** MedSurg Conversion Factor
2001	38.2581	34.15	54.5
2002	36.1992	34.15	54.5
2003	36.7856	31.9	54.5
2004	37.3374	31.18	54.5
2005	37.8975	30.11	56.01
2006	37.8975	32.59	56.57
2007	37.8975	32.81	57.70 effective 3/1/07
Overall % change:	***-0.9%***	***-3.9%***	***+5.9%***

MONTANA MEDICAL ASSOCIATION

January 18, 2007

Medical/Surgical Conversion Factors for Medicare, MT Medicaid and BCBSMT

	Medicare MedSurg CF	Montana Medicaid MedSurg CF	BCBSMT MedSurg Conversion Factor
2001	38.2581	34.15	54.5
2002	36.1992	34.15	54.5
2003	36.7856	31.9	54.5
2004	37.3374	31.18	54.5
2005	37.8975	30.11	56.01
2006	37.8975	32.59	56.57
2007	37.8975	32.81	57.7



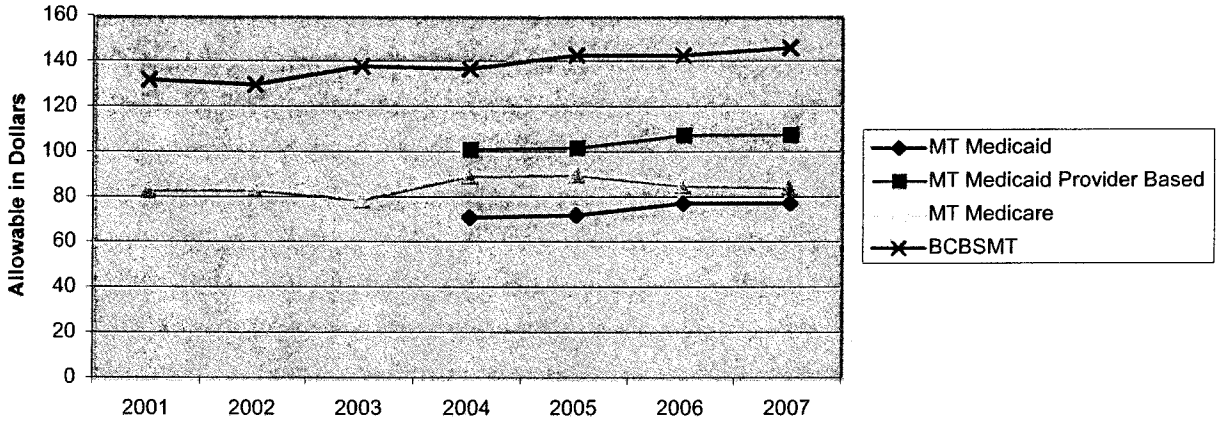
Note:
2007 BCBSMT conversion factor effective March 1, 2007

MONTANA MEDICAL ASSOCIATION

January 18, 2007

	MT Medicaid	MT Medicaid Provider Based	MT Medicare	BCBSMT
2001			83.53	132.43
2002			83.7	130.25
2003			79.38	138.43
2004	71.56	101.75	90.04	137.34
2005	72.6	102.48	90.69	143.39
2006	77.99	108.12	85.92	143.39
2007	77.92	108.26	85.07	146.55

Montana Medical Association Comparison of Allowed Fees for CPT Code 99203 (Level III Office Visit)



Notes:

Fees represent the allowable on January 1st of each year, except the 2007 BCBSMT Fee which will be effective 3/1/07

MT Medicaid fees were not fully transitioned to the "natural" RBRVS until 2004, therefore the transitional fees prior to 2004 were not included in this comparison

MT Medicaid did not implement Provider Based reimbursement until October, 2003. This comparison provides fees beginning in 2004.

1/1/05 & 1/1/06 BCBSMT Fees were the same because the 2005 CF of 56.01 was effective 12/1/04 - 2/28/06

In addition to the conversion factor differential, MT Medicare and MT Medicaid RVU values are further discounted based on assigned Geographic Practice Cost Indicies (GPCIs). This discount is reflected in the real world reimbursements presented on this graph.

MONTANA MEDICAL ASSOCIATION

Primary care physicians[1] not accepting new Medicaid patients or otherwise limiting participation in the provision of Medicaid services:

1999	18%
2002	27%
2006	39%[2]

January 12, 2007

[1] Primary Care defined as Family Medicine, Internal Medicine, Obstetrics/Gynecology and Pediatrics.

[2] 2006 MMA Survey of primary care physicians reveals that 28% are not accepting new Medicare patients.

PUBLIC HEALTH, WELFARE & SAFETY
Exhibit No. 3
Date 2-2-07
Bill No SB 354

Testimony of Brian Chandler, Chief Financial Officer Great Falls Clinic
Medicaid Reimbursement

Good afternoon. My name is Brian Chandler, and I am the Chief Financial Officer for the Great Falls Clinic. Great Falls Clinic is a multispecialty clinic comprised of approximately 130 providers with locations in Great Falls, Helena, Choteau, and Fairfield. In addition, many of our providers see patients periodically traveling to other communities such as Havre, Lewistown, Browning, and Shelby.

I am here to testify on behalf of the proposal made by the Montana Medical Association to increase the Medicaid reimbursement rate per relative value unit (RVU) paid for physician services in a non-hospital-based outpatient setting. My testimony today will focus on the implications of linking the rate of Medicaid reimbursement to a percentage of the Medicare reimbursement and not on the overall clinical and economic benefits associated with the increased rate of reimbursement cited by the Montana Medical Association.

Currently, if a physician performs an extensive examination and evaluation (billed under CPT 99214, lasting as much as thirty minutes of physician time) with a patient who has Medicaid coverage, he or she will receive $66.64 for his or her professional services rendered. The level of services that are rendered by a physician and his or her staff to a patient covered by Medicaid are no different from those that are provided to a patient with insurance. The expenses that are associated with that visit include:

Salaries and benefits	$ 23.16
Occupancy-related	8.52
Billing, collection, transcription, and medical records	7.10
Malpractice	2.18
Other	3.69
Total	$ 44.65

This leaves $21.99 of compensation for the physician for his or her services.

Under the proposed Medicare regulations, reimbursement for services is anticipated to decrease by approximately 4.5 percent on an annual basis under the Sustainable Growth Rate provisions of Medicare. In December 2006, the US Congress reversed the scheduled decrease to have occurred for 2007; however, no increases were instated either. Reimbursement rates per RVU continue to remain flat for the third year in a row.

From an expense standpoint, salaries and benefits for nurses and other supporting staff such as medical receptionists and business office personnel have increased. The Great Falls Clinic has experienced an approximately three percent annual increase in salaries in recent years and is anticipated to experience a four percent increase in 2007 to keep pace with inflation and market conditions.

Other expenses associated with the operation of a basic Clinic have increased at a rate of 3.5 percent on an annual basis.

Expenses associated with operating an outpatient clinic, to a great extent, are not controllable by a physician and do not vary based upon decreases in reimbursement. Employees expect that their rates of pay will increase on an annual basis, at a minimum, to keep pace with increases in the cost of living. Employees certainly do not anticipate nor will they accept a decrease in their rates of pay. A physician has to be able to offer competitive salaries and benefits to attract and retain personnel to assist in the provision of quality medical care.

Expenses other than salaries and benefits are also outside the control of the physician. Expenses associated with the physical facilities, supplies, utilities, telephone, business office operations, and malpractice will not decrease because Medicaid reimbursement is not sufficient to maintain the operations of a Clinic.

Based upon the proposal that has been made by the Department of Health and Human Services to link Medicaid reimbursement to a percentage of Medicare reimbursement, by fiscal 2010, a physician will earn less from an encounter with a Medicaid patient than the nurse who is supporting him or her. By fiscal year 2011, the physician's earnings on a Medicaid patient encounter will be less than the current minimum wage.

The alternatives to a physician who provides services to patients that are covered by Medicaid in Montana will be to:

- Limit the number of patients that are seen with Medicaid coverage.
- Discontinue participating in the Medicaid program.

Both of these alternatives have negative impacts on the overall cost of the Medicaid program in Montana. Currently, according to the Montana Medical Association, 39 percent of primary care physicians in Montana currently limit the number of Medicaid patients seen or do not participate in the Medicaid program at all. If additional physicians either limit the number of Medicaid patients that are seen or discontinue participating in the Medicaid program, then these patients will not seek care until symptoms become emergent and they present to a more expensive hospital emergency room encounter – a situation that could potentially be avoided if the patient had access to care earlier on an outpatient basis. A delay of or inability for access to a physician in the office could also result in increased inpatient admissions associated with complications that could have been diagnosed and treated earlier in an outpatient setting.

This is a reality that should be addressed by the State of Montana on a proactive basis. I have worked in larger metropolitan areas in which physicians that treat Medicaid and Medicare patients have either closed their practices to new patients with such coverage or have discontinued participation altogether. Most

of the physicians in the Great Falls Clinic have not limited access to patients with such coverage (although some of our primary care physicians in Helena have closed their practices to new Medicaid patients) but would have to consider this long-term under the current proposals if the Clinic is to recruit new and retain existing physicians. Aside from the overall economic benefits cited by the Montana Medical Association with linking reimbursement with the top three insurers in the State of Montana, the negative implications of linking reimbursement to a percentage of Medicare reimbursement is detrimental to the overall economy of the State of Montana, the cost of the Medicaid program, and, most importantly, patient care. Recruitment of quality physicians to Montana is challenging at best to find qualified professionals that appreciate the personal aspects of our rural environment, lifestyle, and people. Montana must be competitive on a national basis in providing our physicians with a competitive earning potential; otherwise, overall patient care, even beyond the Medicaid population, will suffer.

MONTANA MEDICAID

Example of Per-Patient Encounter - Medicaid tied to Medicare Reimbursement Changes

	2006	2007	2008	2009	2010	2011
Revenues	66.64	66.11	63.14	60.29	57.58	54.99
Expenses						
Salaries and Benefits	23.16	23.86	24.57	25.31	26.07	26.85
Occupancy	8.52	8.77	9.04	9.31	9.59	9.87
Billing, Collection, Transcription	7.10	7.31	7.52	7.75	7.99	8.23
Malpractice	2.18	2.24	2.31	2.38	2.45	2.53
Other	3.69	3.81	3.93	4.05	4.16	4.29
Total Expenses	44.65	45.99	47.37	48.80	50.26	51.77
Net	21.99	20.12	15.77	11.49	7.32	3.22

Assumptions:

Encounter = 99214 (Medicare encounter - 30 minutes)
Annual Medicare/Medicaid revenue decrease = 4.5%
Annual salary increase = 3.0%
Annual expense increase other than salary = 3.5%

PUBLIC HEALTH, WELFARE & SAFETY
Exhibit No. 4
Date 2-2-07
Bill No. SB 354

Rocky Mountain Health Network Inc.
Leading in Healthcare Business Solutions

315 N. 25th Street, Suite 201 • Billings, MT 59101
Phone: (406) 238-6066 • Fax: (406) 238-6068
Toll Free: 1-866-275-RMHN • Website: www.rmhn.org

February 2, 2007

Senate Health and Human Services Committee
RE: SB 354 Revise physician Medicaid reimbursement conversion factor

Good Morning Chairperson Weinberg, Vice Chairperson Moss, and honorable Senators of the Committee.

I am Dr. Mike Schweitzer, Chairman of the Board of the Rocky Mountain Health Network. We have about 500 providers including 261 physicians, of which 70 are primary care, and 233 allied health care providers. We have six Critical Access Hospitals and one large hospital in Billings as members. We support S.B. 354.

As representatives from the Montana Medical Association have already pointed out, the conversion factor for Medicaid is lower now than it was in 2001. This is not adjusted for any measure of inflation, which magnifies the discrepancy. As the MMA survey demonstrates, this is causing a significant decrease in physicians willing to care for new Medicaid patients. Although the number of enrollees in Medicaid has been increasing, according to Medicaid's own statistics, the number of physician office visits per 1000 enrollees has declined from 2002 (Appendix A). Hospital based physicians often have no choice in accepting or declining Medicaid patients. But these lower payments increase their difficulty recruiting new providers in a national market place. The lower conversion factors also impact allied health care providers. This all decreases access to care for our Montanans with Medicaid.

We realize that the Medicaid budget is increasing for several reasons including increasing enrollment. However, the percentage of Medicaid dollars spent for physician services represents just 7% (Appendix B Chart 1) of the total budget. Nationally, physician services represent 20% of the health care budget (Barr, 2002). Pharmaceuticals are the fastest growing portion of the Medicaid budget. In 1994, the cost was $21.6 million. In 2003 the cost of prescription drugs had skyrocketed to $65.2 million – after the 20% rebate (DPHHS). In 2005 the cost for drugs was over $80 million (Chart 2). To slow the growth of Medicaid, I suggest drug costs need to be controlled. While you are solving that sticky drug problem, please immediately increase payments to providers by increasing RBRVS conversion factors by the same percentage across the board for all.

Thank you for your efforts here in Helena for all Montanans.

Mike Schweitzer, MD
Chair, Rocky Mountain Health Network Board

Rocky Mountain Health Network Inc.
Leading in Healthcare Business Solutions

References:

Barr, D. (2002). *Introduction to U.S. Health Policy*. San Francisco, Benjamin Cummings

DPHHS *Montana Public Health Care Redesign Project* June 2004 http://www.dphhs.mt.gov/publichealthcaremedicaidredesign/finalredesign.pdf

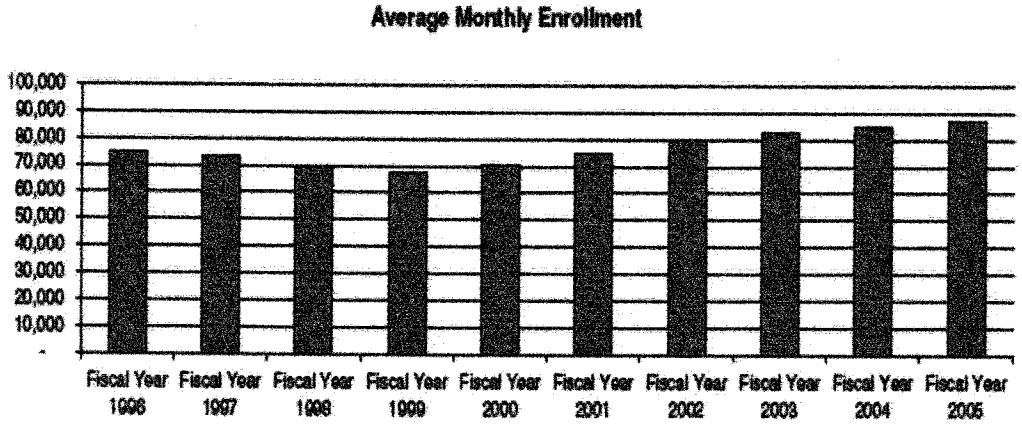
Montana Medicaid Program State Fiscal Years2005/2006 http://www.dphhs.mt.gov/publications/2007medicaidreport.pdf

Appendix A

Montana Medicaid Program State Fiscal Years2005/2006
http://www.dphhs.mt.gov/publications/2007medicaidreport.pdf
(retrieved January 30, 2007)

	2002	2003	2004	2005
Prescriptions per 1000 enrollees	1,442	1,632	1,581	1,589
Physician office visit per 1000 enrollees	310	315	297	283
Nursing Home days per 1000 enrollees	1,340	1,308	1,239	1,178
Inpatient Hospital days per 1000 enrollees	97	95	90	89
Outpatient Hospital services per 1000 enrollees	180	194	205	207

Physician and Hospital services exclude services where Medicare is the primary payor.



These charts exclude the expenditures and enrollment of CHIP and State Fund Mental Health.

Rocky Mountain Health Network Inc.
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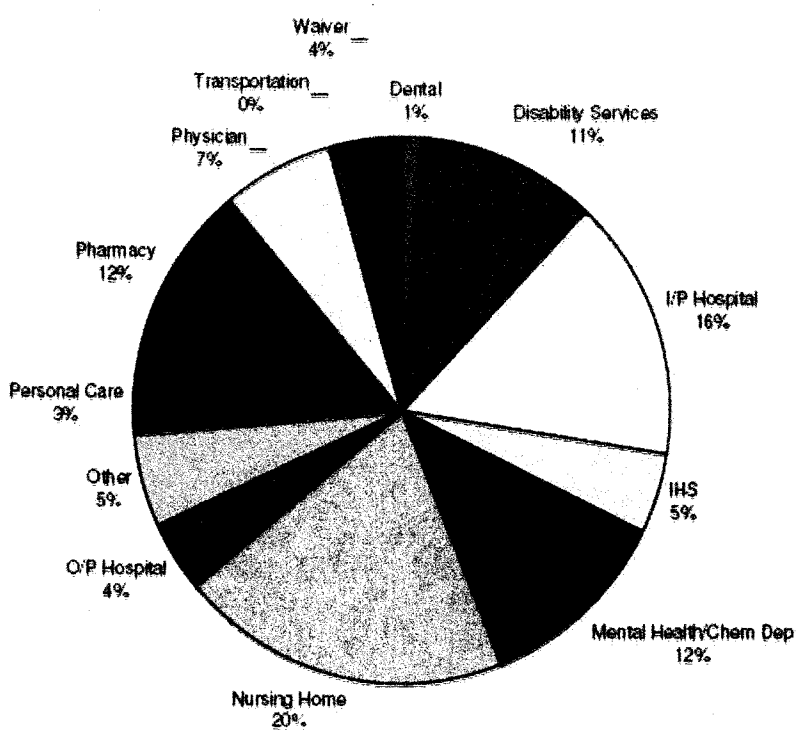
Appendix B

Chart 1

Montana Medicaid Program State Fiscal Years2005/2006
http://www.dphhs.mt.gov/publications/2007medicaidreport.pdf
(retrieved January 30, 2007)

SFY 2005 EXPENDITURES by Provider Type



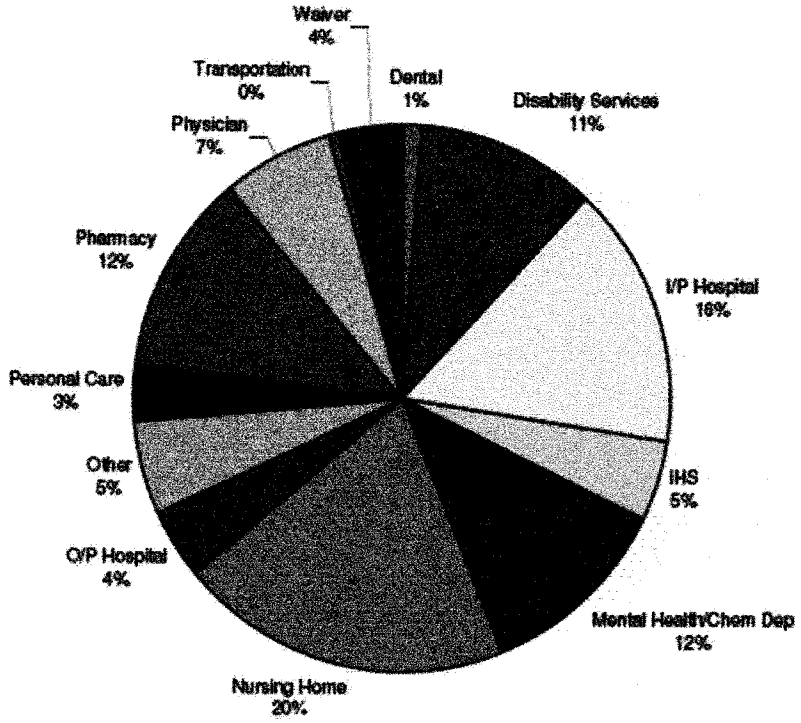
Rocky Mountain Health Network Inc.
Leading in Healthcare Business Solutions

Appendix B

Chart 1

Montana Medicaid Program State Fiscal Years2005/2006
http://www.dphhs.mt.gov/publications/2007medicaidreport.pdf
(retrieved January 30, 2007)

SFY 2005 EXPENDITURES by Provider Type



Rocky Mountain Health Network Inc.
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Appendix B

Chart 2

	SFY 2002	SFY 2003	SFY 2004	SFY 2005
Dental	6,807,666	6,657,316	6,647,943	6,961,473
Disability Services	61,284,846	66,420,214	69,704,774	73,853,118
I/P Hospital	72,332,358	68,423,606	90,083,563	105,000,577
IHS	16,000,841	16,949,592	25,897,307	30,701,067
Mental Health/Chem Dep	73,617,290	71,431,106	73,561,663	79,208,913
Nursing Home	110,001,784	117,387,029	130,681,000	134,819,641
O/P Hospital	25,982,987	29,347,636	29,159,522	28,885,395
Other	23,526,817	25,223,479	30,443,834	37,078,444
Personal Care	23,431,095	23,123,157	21,636,577	23,551,534
Pharmacy	56,604,791	73,580,949	76,001,604	80,135,704
Physician	41,307,481	44,039,024	43,772,463	45,437,188
Transportation	3,389,077	3,142,788	2,690,425	3,060,819
Waiver	24,751,756	23,315,381	23,651,739	26,047,912
	539,038,789	569,041,277	623,932,414	674,741,785

Rocky Mountain Health Network Inc.
Leading in Healthcare Business Solutions

Appendix C

http://www.cms.hhs.gov/MedicareMedicaidTrendsHCS/

Physician Services MT Medicaid
Bottom line reading 40, 41, 49, 54, 54, and 65 is Montana as compared to national.

Iclan Services (Millions of Dollars)

1999	2000	2001	2002	2003	2004	Average Annual % Growth (1980-2004)
$17,352	$19,093	$21,585	$23,764	$25,442	$27,433	10.6%
40	41	49	54	54	65	9.9%

Other Professional Services MT Medicaid in $millions
Bottom line reading 7,8,9,12, and 20 is Montana as compared to national.

0	2001	2002	2003	2004	Average Annual % Growth (1980-2004)
$19,093	$21,585	$23,764	$25,442	$27,433	10.6%
7	8	9	12	20	13.4%

Definition:

Other Professional Services:

Covers services provided in establishments operated by health practitioners other than physicians and dentists. These professional services include those provided by private-duty nurses, chiropractors, podiatrists, optometrists, and physical, occupational and speech therapists, among other. These establishments are classified in NAICS-6213 Offices of Other Health Practitioners or roughly the equivalent of SIC 804-Offices and Clinics of Other Health Practitioners. Ambulance services paid under Medicare are also included here.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
60th LEGISLATURE - REGULAR SESSION

COMMITTEE ON HUMAN SERVICES

Call to Order: By Chairman Ron Stoker, on March 16, 2007 at 3:00 A.M., in Room 152 Capitol.

ROLL CALL

Members Present:
Rep. Ron Stoker, Chairman (R)
Rep. Arlene Becker, Vice Chairman (D)
Rep. Tom McGillvray, Vice Chairman (R)
Rep. Mary Caferro (D)
Rep. Ernie Dutton (R)
Rep. Julie French (D)
Rep. Pat Ingraham (R)
Rep. William J. Jones (R)
Rep. Krayton Kerns (R)
Rep. Dave McAlpin (D)
Rep. Mike Milburn (R)
Rep. Ken Peterson (R)
Rep. Michele Reinhart (D)
Rep. Diane Sands (D)

Members Excused: None.

Members Absent: None.

Staff Present: Debbie Carlson, Committee Secretary
Sue O'Connell, Legislative Branch

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:
Hearing & Date Posted: SB 354, 3/8/2007; SB 162, 3/8/2007; SB 236, 3/9/2007; SB 132, 3/8/2007
Executive Action: None.

HEARING ON SB 132

Opening Statement by Sponsor:

00:00:35 Sen. Steven Gallus (D), SD 37, opened the hearing on SB 132, Revise marriage license requirements.

Proponents' Testimony:

00:03:30 Jane Smiley, Administrator, Public Health and Safety Division, Department of Public Health and Human Services (DPHHS)
00:06:59 Ellen Leahy, Missoula City County Health Department
00:07:19 Dr. Phil Pallister, Boulder, Montana

Opponents' Testimony: None.

Informational Testimony:

00:08:42 Mary Phippen, Montana Association of Clerks of District Court

Questions from Committee Members and Responses:

00:09:40 Rep. Caferro
00:10:06 Ms. Smiley
00:10:28 Rep. Caferro
00:10:56 Rep. Becker
00:11:16 Ms. Smiley
00:11:33 Rep. Stoker
00:11:43 Ms. Smiley

Closing by Sponsor:

00:12:25 Sen. Gallus

HEARING ON SB 236

Opening Statement by Sponsor:

00:13:39 Sen. Steven Gallus (D), SD 37, opened the hearing on SB 236, Require use of mercury-free vaccines for children.

Proponents' Testimony:

00:16:29 Jane Smiley, Administrator, Public Health and Safety Division, DPHHS
00:19:27 Sharon Howard, Montana Nurses Association
00:20:21 Al Smith, Montana Trial Lawyers Association

00:22:45 Sammi Butler, InterMountain Children's Home, Helena, Montana

Opponents' Testimony:

00:23:57 Dr. Donald Skillman, Infectious Disease Physicians of Montana
EXHIBIT(huh56a01)

00:29:17 Barbara Schneeman, Yellowstone City County Health Department
00:32:27 Ellen Leahy, Missoula City County Health Department

Informational Testimony: None.

Questions from Committee Members and Responses:

00:38:12 Rep. Sands
00:39:35 Ms. Smiley
00:42:23 Rep. Sands
00:43:06 Ms. Smiley
00:45:10 Denise Pizzini, Legal Counsel, DPHHS
00:46:47 Rep. French
00:47:41 Dr. Skillman
00:48:11 Rep. French
00:48:28 Dr. Skillman
00:49:05 Rep. French
00:49:50 Sen. Gallus
00:50:32 Rep. McAlpin
00:51:13 Ms. Smiley
00:51:31 Rep. McAlpin
00:51:36 Ms. Smiley
00:51:53 Rep. French
00:52:56 Ms. Smiley
00:53:49 Rep. French
00:54:08 Ms. Pizzini
00:54:25 Rep. Stoker
00:54:28 Dr. Skillman
00:54:49 Mr. Smith
00:55:18 Rep. Stoker
00:55:31 Mr. Smith
00:55:56 Rep. Reinhart
00:56:25 Dr. Skillman
00:57:22 Rep. Ingraham
00:58:02 Ms. Smiley

Closing by Sponsor:

00:58:20 Sen. Gallus

HEARING ON SB 162

Opening Statement by Sponsor:

01:03:24 Sen. Trudi Schmidt (D), SD 11, opened the hearing on SB 162, Revise genetics program laws.

Proponents' Testimony:

01:08:24 JoAnn Dotson, Chief of Family and Community Health Bureau, Department of Public health and Human Services
EXHIBIT(huh56a02)

01:14:17 Dr. Phil Pallister
01:24:04 Deborah Donovan, March of Dimes Foundation
EXHIBIT(huh56a03)

01:26:45 Chery Endy and her daughter, Brook
01:29:52 Dr. Jim Little, Pediatrician, Wyoming
01:30:50 Jill Hanson Trodowski
01:36:53 Jack Casey, Administrator, Shodair Hospital
01:40:01 Dr. Jim Reynolds, Pediatrician and Medical Geneticist, Shodair Hospital
EXHIBIT(huh56a04)

01:42:19 Chuck Hunter, Montana Primary Care Association
01:42:42 Casey Blumenthall, Montana Hospital Association
01:43:25 Steve Yeakel, Montana Council of Maternal and Child Health
01:43:58 Mary Dalton, DPHHS
01:44:16 Sharon Howard, Montana Nurses Association

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

01:44:45 Rep. Ingraham
01:45:15 Dr. Reynolds
01:45:55 Rep. Milburn
01:46:14 Dr. Reynolds
01:47:34 Rep. Milburn
01:48:09 Rep. French
01:48:51 Mr. Casey
01:49:11 Rep. French
01:49:41 Mr. Casey
01:50:09 Rep. Reinhart

01:50:26 Ms. Dotson
01:51:12 Rep. Reinhart
01:51:22 Ms. Dotson
01:51:45 Rep. Dutton

Closing by Sponsor:

01:52:20 Sen. Schmidt

HEARING ON SB 354

Opening Statement by Sponsor:

01:55:09 Sen. Greg Lind (D), SD 50, opened the hearing on SB 354, Revise physician medicaid reimbursement conversion factor.
EXHIBIT(huh56a05)

Proponents' Testimony:

02:00:56 Pat Melby, Montana Medical Association
EXHIBIT(huh56a06)

02:09:30 Bob Olson, Montana Hospital Association
02:12:13 Steve Yeakel, Montana Council for Maternal and Child Health
02:13:22 Chuck Hunter, Montana Primary Care Association
02:14:27 Dr. Andrew Michelle, Montana Chapter of Emergency Physicians
02:16:45 Corey Swanson, Montana Orthopedic Society
02:18:15 Gloria Hermanson, State Society of Opthmalogists
02:19:01 Mark Burzynski, Vice President of Health Affairs, Blue Cross Blue Shield of Montana
EXHIBIT(huh56a07)

02:23:50 Mr. Melby

Opponents' Testimony: None.

Informational Testimony:

02:24:28 John Chappius, DPHHS

Questions from Committee Members and Responses:

02:24:55 Rep. Peterson
02:25:37 Sen. Lind
02:26:38 Rep. Reinhart
02:27:08 Ms. Dalton

02:29:42 Rep. Reinhart
02:29:52 Ms. Dalton
02:30:06 Rep. French
02:30:45 Ms. Dalton
02:31:11 Rep. French
02:31:23 Ms. Dalton
02:31:28 Rep. Dutton
02:32:23 Ms. Dalton
02:33:51 Rep. Dutton
02:34:20 Ms. Dalton
02:34:45 Rep. Dutton
02:35:02 Ms. Dalton
02:36:18 Rep. McGillvray
02:36:55 Ms. Dalton
02:37:37 Rep. Reinhart
02:37:53 Sen. Lind

Closing by Sponsor:

02:39:11 Sen. Lind

02:41:30 Rep. Stoker

ADJOURNMENT

Adjournment: 6:00 P.M.

_____
REP. RON STOKER, Chairman

_____
DEBBIE CARLSON, Secretary

RS/dc

Additional Exhibits:

EXHIBIT(huh56aad.pdf)

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
60th LEGISLATURE - REGULAR SESSION

COMMITTEE ON HUMAN SERVICES

Call to Order: By Chairman Ron Stoker, on March 16, 2007 at 3:00 A.M., in Room 152 Capitol.

ROLL CALL

Members Present:
Rep. Ron Stoker, Chairman (R)
Rep. Arlene Becker, Vice Chairman (D)
Rep. Tom McGillvray, Vice Chairman (R)
Rep. Mary Caferro (D)
Rep. Ernie Dutton (R)
Rep. Julie French (D)
Rep. Pat Ingraham (R)
Rep. William J. Jones (R)
Rep. Krayton Kerns (R)
Rep. Dave McAlpin (D)
Rep. Mike Milburn (R)
Rep. Ken Peterson (R)
Rep. Michele Reinhart (D)
Rep. Diane Sands (D)

Members Excused: None.

Members Absent: None.

Staff Present: Debbie Carlson, Committee Secretary
Sue O'Connell, Legislative Branch

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:
Hearing & Date Posted: SB 354, 3/8/2007; SB 162, 3/8/2007; SB 236, 3/9/2007; SB 132, 3/8/2007
Executive Action: None.

HEARING ON SB 132

Opening Statement by Sponsor:

00:00:35 Sen. Steven Gallus (D), SD 37, opened the hearing on SB 132, Revise marriage license requirements.

Proponents' Testimony:

00:03:30 Jane Smiley, Administrator, Public Health and Safety Division, Department of Public Health and Human Services (DPHHS)
00:06:59 Ellen Leahy, Missoula City County Health Department
00:07:19 Dr. Phil Pallister, Boulder, Montana

Opponents' Testimony: None.

Informational Testimony:

00:08:42 Mary Phippen, Montana Association of Clerks of District Court

Questions from Committee Members and Responses:

00:09:40 Rep. Caferro
00:10:06 Ms. Smiley
00:10:28 Rep. Caferro
00:10:56 Rep. Becker
00:11:16 Ms. Smiley
00:11:33 Rep. Stoker
00:11:43 Ms. Smiley

Closing by Sponsor:

00:12:25 Sen. Gallus

HEARING ON SB 236

Opening Statement by Sponsor:

00:13:39 Sen. Steven Gallus (D), SD 37, opened the hearing on SB 236, Require use of mercury-free vaccines for children.

Proponents' Testimony:

00:16:29 Jane Smiley, Administrator, Public Health and Safety Division, DPHHS
00:19:27 Sharon Howard, Montana Nurses Association
00:20:21 Al Smith, Montana Trial Lawyers Association

00:22:45 Sammi Butler, InterMountain Children's Home, Helena, Montana

Opponents' Testimony:

00:23:57 Dr. Donald Skillman, Infectious Disease Physicians of Montana
EXHIBIT(huh56a01)

00:29:17 Barbara Schneeman, Yellowstone City County Health Department
00:32:27 Ellen Leahy, Missoula City County Health Department

Informational Testimony: None.

Questions from Committee Members and Responses:

00:38:12 Rep. Sands
00:39:35 Ms. Smiley
00:42:23 Rep. Sands
00:43:06 Ms. Smiley
00:45:10 Denise Pizzini, Legal Counsel, DPHHS
00:46:47 Rep. French
00:47:41 Dr. Skillman
00:48:11 Rep. French
00:48:28 Dr. Skillman
00:49:05 Rep. French
00:49:50 Sen. Gallus
00:50:32 Rep. McAlpin
00:51:13 Ms. Smiley
00:51:31 Rep. McAlpin
00:51:36 Ms. Smiley
00:51:53 Rep. French
00:52:56 Ms. Smiley
00:53:49 Rep. French
00:54:08 Ms. Pizzini
00:54:25 Rep. Stoker
00:54:28 Dr. Skillman
00:54:49 Mr. Smith
00:55:18 Rep. Stoker
00:55:31 Mr. Smith
00:55:56 Rep. Reinhart
00:56:25 Dr. Skillman
00:57:22 Rep. Ingraham
00:58:02 Ms. Smiley

Closing by Sponsor:

00:58:20 Sen. Gallus

HEARING ON SB 162

Opening Statement by Sponsor:

01:03:24 Sen. Trudi Schmidt (D), SD 11, opened the hearing on SB 162, Revise genetics program laws.

Proponents' Testimony:

01:08:24 JoAnn Dotson, Chief of Family and Community Health Bureau, Department of Public health and Human Services
EXHIBIT(huh56a02)

01:14:17 Dr. Phil Pallister
01:24:04 Deborah Donovan, March of Dimes Foundation
EXHIBIT(huh56a03)

01:26:45 Chery Endy and her daughter, Brook
01:29:52 Dr. Jim Little, Pediatrician, Wyoming
01:30:50 Jill Hanson Trodowski
01:36:53 Jack Casey, Administrator, Shodair Hospital
01:40:01 Dr. Jim Reynolds, Pediatrician and Medical Geneticist, Shodair Hospital
EXHIBIT(huh56a04)

01:42:19 Chuck Hunter, Montana Primary Care Association
01:42:42 Casey Blumenthall, Montana Hospital Association
01:43:25 Steve Yeakel, Montana Council of Maternal and Child Health
01:43:58 Mary Dalton, DPHHS
01:44:16 Sharon Howard, Montana Nurses Association

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

01:44:45 Rep. Ingraham
01:45:15 Dr. Reynolds
01:45:55 Rep. Milburn
01:46:14 Dr. Reynolds
01:47:34 Rep. Milburn
01:48:09 Rep. French
01:48:51 Mr. Casey
01:49:11 Rep. French
01:49:41 Mr. Casey
01:50:09 Rep. Reinhart

01:50:26 Ms. Dotson
01:51:12 Rep. Reinhart
01:51:22 Ms. Dotson
01:51:45 Rep. Dutton

Closing by Sponsor:

01:52:20 Sen. Schmidt

HEARING ON SB 354

Opening Statement by Sponsor:

01:55:09 Sen. Greg Lind (D), SD 50, opened the hearing on SB 354, Revise physician medicaid reimbursement conversion factor.
EXHIBIT(huh56a05)

Proponents' Testimony:

02:00:56 Pat Melby, Montana Medical Association
EXHIBIT(huh56a06)

02:09:30 Bob Olson, Montana Hospital Association
02:12:13 Steve Yeakel, Montana Council for Maternal and Child Health
02:13:22 Chuck Hunter, Montana Primary Care Association
02:14:27 Dr. Andrew Michelle, Montana Chapter of Emergency Physicians
02:16:45 Corey Swanson, Montana Orthopedic Society
02:18:15 Gloria Hermanson, State Society of Opthmalogists
02:19:01 Mark Burzynski, Vice President of Health Affairs, Blue Cross Blue Shield of Montana
EXHIBIT(huh56a07)

02:23:50 Mr. Melby

Opponents' Testimony: None.

Informational Testimony:

02:24:28 John Chappius, DPHHS

Questions from Committee Members and Responses:

02:24:55 Rep. Peterson
02:25:37 Sen. Lind
02:26:38 Rep. Reinhart
02:27:08 Ms. Dalton

02:29:42 Rep. Reinhart
02:29:52 Ms. Dalton
02:30:06 Rep. French
02:30:45 Ms. Dalton
02:31:11 Rep. French
02:31:23 Ms. Dalton
02:31:28 Rep. Dutton
02:32:23 Ms. Dalton
02:33:51 Rep. Dutton
02:34:20 Ms. Dalton
02:34:45 Rep. Dutton
02:35:02 Ms. Dalton
02:36:18 Rep. McGillvray
02:36:55 Ms. Dalton
02:37:37 Rep. Reinhart
02:37:53 Sen. Lind

Closing by Sponsor:

02:39:11 Sen. Lind

02:41:30 Rep. Stoker

ADJOURNMENT

Adjournment: 6:00 P.M.

_____
REP. RON STOKER, Chairman

_____
DEBBIE CARLSON, Secretary

RS/dc

Additional Exhibits:

EXHIBIT(huh56aad.pdf)

Greg Lind
3/16/07

EXHIBIT 5
DATE 3-16-07
SB

Western Montana Clinic, P.C.

February 16, 2007

The Honorable Greg Lind
MT House of Representatives
Helena MT

Dear Dr. Lind:

As representatives of physicians at the Western Montana Clinic, we are writing to support your bill regarding the Montana Medicaid conversion factor. If the bill passes the legislature and Medicaid rates are established as proposed, the physician leadership of the Western Montana Clinic will recommend that its member physicians resume participation in the Medicaid program. We respect your efforts to enhance medical care for these otherwise uninsured individuals and families.

Respectfully yours,

Ned J. Vasquez MD
Ned Vasquez MD, President, WMC

Eric Hughson MD
Eric Hughson MD, Medical Director WMC

500 West Broadway, Broadway Building
P.O. Box 7609 • Missoula, MT 59807-7609
(406) 721-5600

www.westernmontanaclinic.com

EXHIBIT 4
DATE 3-16-07
SB

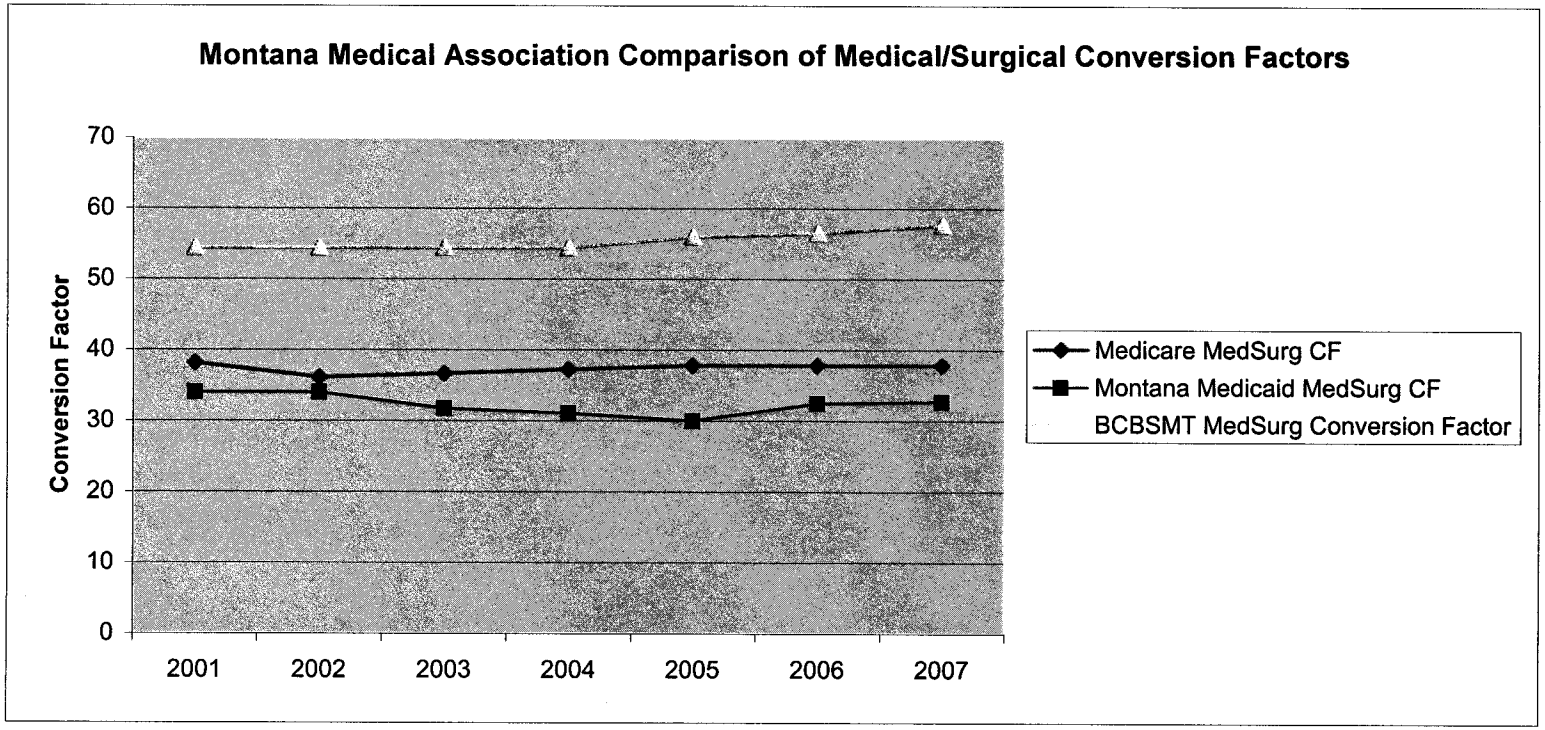
MONTANA MEDICAL ASSOCIATION

March 16, 2007

Pat Melby
442-7450

Medical/Surgical Conversion Factors for Medicare, MT Medicaid and BCBSMT

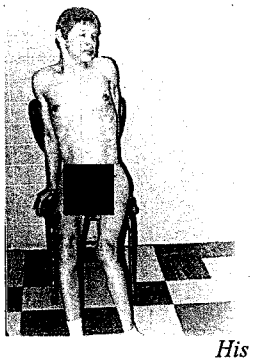
	Medicare MedSurg CF	Montana Medicaid MedSurg CF	BCBSMT MedSurg Conversion Factor
2001	38.2581	34.15	54.5
2002	36.1992	34.15	54.5
2003	36.7856	31.9	54.5
2004	37.3374	31.18	54.5
2005	37.8975	30.11	56.01
2006	37.8975	32.59	56.57
2007	37.8975	32.81	57.7



Note:
2007 BCBSMT conversion factor effective March 1, 2007

A few patients with disorders that are amenable to screening.

Her sister died in Boulder - Flaxville, Montana



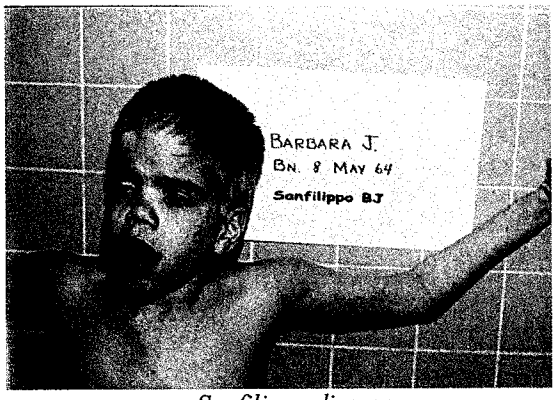
His affected sister born in Oregon

There were 14 Untreated PKU patients in Boulder in 1973

By 1973 we had diagnosed 34 patients with PKU from Montana families – at least five had been treated.

This is a treated Montana patient. His IQ is above average (117 by one measure)
Helena, Montana

Sanfilippo diagnosed 10 yrs. postmortem
Rocker, Montana

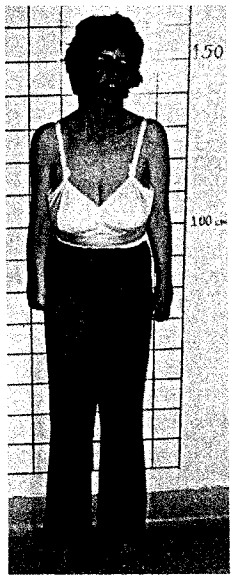


Sanfilippo disease
Anaconda, Montana

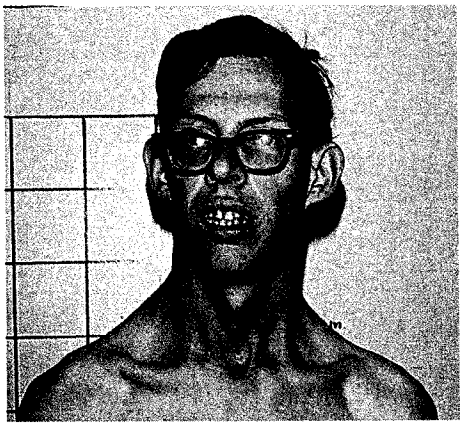
The AMPS diseases are not successfully treated at this stage of the game (just as PKU was back in the fifties) **but these families do need counseling as soon as the diagnosis can be made and some treatment is available.**

Hunter disease – an x-linked recessive storage disease - AMPS

Hyperprolinemia-aminoaciduria



Sister of Jackie – cretinism, cancer of thyroid, frozen hands & feet

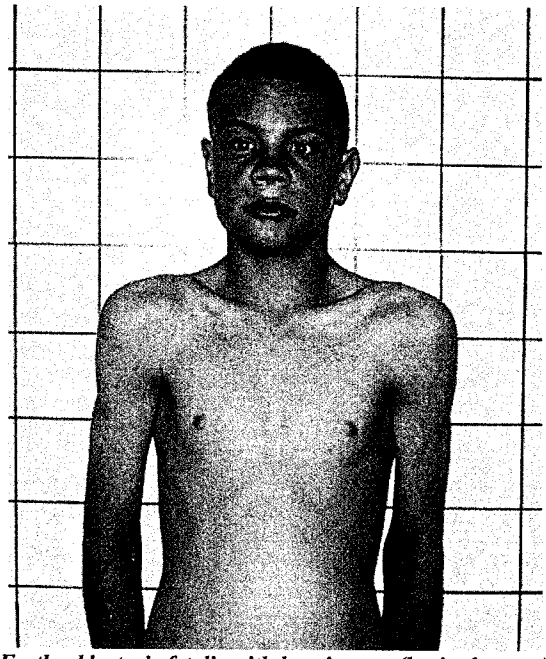


Robert- cancer of thyroid, cretinism

Jackie S. At age 11 he had an adenocarcinoma of the thyroid. These three siblings were affected. There were two normal siblings.

There were 18 untreated hypothyroid (Cretins) patients in Boulder in 1973

Hypothyroidism with hip dysplasia and collapsed vertebrae



Erythroblastosis fetalis with kernicterus (brain damage)
This is a blood type problem

Rubella (German measles)

In 1973 there were 14 patients in Boulder as a result of rubella. Last year there were none in Boulder. The vaccine has been effective as well as screening prospective mothers. There is a very reduced need for such screening now, although occasional outbreaks (200 cases north of us in Canada two years ago) demonstrate we should still exercise concern in this area.

EXHIBIT 7
DATE 3-16-07
SB 354

Amendments to Senate Bill No. 354
SB0354.02

Requested by Blue Cross Blue Shield of Montana
Presented by Tanya Ask
Prepared by Greg Gould
Last printed 03/16/2007 2:42 PM

1. Page 1, line 12.
Before: "average"
Strike: "weighted"

2. Page 1, line 17.
Before: "AVERAGE"
Strike: "WEIGHTED"

-end-

House Human Services Committee
March 16, 2007

Bill would create insurance pool

■ Plan would make state the administrator of policies, require businesses to provide contributions

By JOE MENDEN
IR Staff Writer

A Montana House Republican began the bill-writing process over the weekend to create a state health insurance exchange with the goal of getting virtually every Montanan covered.

A bill requested by Rep. Gary MacLaren, R-Victor, would work to create a state health insurance exchange, which would work through existing private insurance companies to make insurance more accessible to individuals.

MacLaren

Haislmaier

MacLaren's proposed bill, which he said is still in the draft stage and has no bill number yet, is based on a system recently enacted in Massachussetts.

In Massachussetts' plan, employers are required to offer a policy to their employees, and all individuals eventually have the responsibility to get insurance.

Studies have shown that about one-fifth of Montanans are without health insurance.

Edmund Haislmaier, research fellow in health policy studies at the conservative thinktank The Heritage Foundation, was in Helena last week to speak to legislators and healthcare professionals about the system Massachussetts is putting in place.

Haislmaier spoke to the Montana Medical Association Saturday.

Haislmaier compared Massachussetts' system to a giant human resources department run by the state. He said that because the state takes over the role of administering the system and provides a menu of approved policies, it reduces what businesses have to pay to offer insurance.

Also, the system, though paid for with employer con-

More **INSURANCE,** *page 2C*

Independent Record

TUESDAY
March 13, 2007

Health & Science: 447-4086
mkidston@helenair.com

Insurance

continued from 1C

tributions, is not tied to a particular company, so an employee can keep the same policy when going to a new job or when between jobs.

The state also pays money into the system to provide subsidies to help buy insurance for people who don't have access to plans with employer contributions.

Haislmaier said the biggest savings, however, will come from the fact that virtually everyone will be insured and will presumably get better preventive care.

Haislmaier said that by far the most expensive place to treat a patient is in an emergency room, but for people on Medicaid and without insurance, the ER is the primary source for care.

He said that for the uninsured, there are 44 visits to the ER for every 100 people. For people on Medicaid that number rises to 80 visits for every 100 people.

But that number drops to 20 visits to the ER for every 100 people with private insurance.

He said this is because physicians often won't see Medicaid patients at their offices because Medicaid's payouts to doctors are lower than those of insurance companies, but hospitals are forbidden from denying treatment.

"Getting treated sooner saves money that way," Haislmaier said. "We know we will save a lot of money. We know that will happen."

Haislmaier said that each state has its own set of problems that are different, so each state needs to craft a plan that is customized for its set of circumstances.

G. Brian Zins, executive vice president of the Montana Medical Association, said the organization does not have a position on MacLaren's bill, but he said he was intrigued by Haislmaier's presentation and thinks Montana should look into such a system.

"(Haislmaier) has a unique point," Zins said. "Massachussetts did this. They have a program. That's why we brought him in. That's why we're looking at it."

Zins added that the fact that it is being crafted at the state level to meet Montana's individual needs is attractive.

"We have to come to a realization that (the problem of the uninsured) is solveable," he said, adding that solving the problem needs to be done while maintaining quality physician care.

Zins said the MMA also has taken no position on Kaufmann's bill to establish universal health care.

MacLaren said the big intents of his bill are to make insurance more consumer driven and to make insurance portable.

MacLaren said his bill would create group to study implementing a system such as the one Massachussetts has. He said the panel would include doctors, hospitals and representatives from insurance companies.

"Anyone who has a stake in health care would be a part of it," he said.

Montana Medical Association
Pat Melby
(406) 442-7450

MONTANA MEDICAL ASSOCIATION

Primary care physicians[1] not accepting new Medicaid patients or otherwise limiting participation in the provision of Medicaid services:

1999	18%
2002	27%
2006	39%[2]

January 12, 2007

[1] Primary Care defined as Family Medicine, Internal Medicine, Obstetrics/Gynecology and Pediatrics.

[2] 2006 MMA Survey of primary care physicians reveals that 28% are not accepting new Medicare patients.

Pat Melby
442-7450

EXHIBIT 2
DATE 3-30-07
SB 354

Amendments to Senate Bill No. 354
3rd Reading Copy

Requested by Senator Greg Lind

For the House Human Services Committee

Prepared by Sue O'Connell
March 19, 2007 (10:10am)

1. Page 1, line 12.
Strike: "weighted"

2. Page 1, line 17.
Strike: "WEIGHTED"

- END -

EXHIBIT 3
DATE 3-30-07
SB 354

MONTANA MEDICAL ASSOCIATION

March 20, 2007
Pat Melby (406) 442-7450

Comparison of Reimbursement Rates

Service Provided	MT Medicaid 2007	BCBSMT 2007	2013 Medicaid Based on SB 354
Established Patient Office Visit Codes			
CPT Code 99211 - minimal problem	$16.67	$31.74	$22.07
CPT Code 99212 - problem focused	$30.61	$58.85	$40.56
CPT Code 99213 - expanded problem focused	$41.96	$95.78	$55.62
CPT Code 99214 - detailed	$66.11	$145.40	$87.66
CPT Code 99215 - comprehensive	$96.99	$197.33	$128.62
New Patient Office Visit Codes			
CPT Code 99201 - problem focused	$29.23	$57.12	$38.74
CPT Code 99202 - expanded problem focused	$52.23	$99.82	$69.23
CPT Code 99203 - detailed	$77.92	$147.71	$103.31
CPT Code 99204 - comprehensive and mod. complex	$110.70	$226.18	$146.78
CPT Code 99205 - comprehensive & highly complex	$141.35	$284.46	$187.47

Notes:
Reimbursement based on performance of service by M.D.